

## **UACIM BOARD of TRUSTEES MEETING**

### **M I N U T E S**

February 13, 2003, 1:00 p.m.

Utah Association of Counties Training Room

#### **BOARD MEMBERS PRESENT**

Gary Herbert, *President*, Utah County Commissioner  
Dan McConkie, *Vice President*, Davis County Commissioner  
Lynn Lemon, *Secretary-Treasurer*, Cache County Executive  
Steve Baker, Davis County Personnel Director  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
LaVar Cox, Millard County Commissioner  
James Eardley, Washington County Commissioner  
Ed Phillips, Millard County Sheriff  
Gene Roundy, Iron County Commissioner  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

#### **BOARD MEMBERS ABSENT**

Brent Gardner, UAC Executive Director

#### **MEMBERS PRESENT**

Jerry Grover, Utah County Commissioner

#### **OTHERS PRESENT**

Lester Nixon, UACIM Director  
Mark Brady, UACIM Loss Control Manager  
Sonya White, UACIM Administrative Assistant  
Rich Stokluska, Arthur J. Gallagher Vice President

#### **CALL to ORDER**

Gary Herbert called this meeting to order. New Board Members were introduced. James Eardley, Washington County Commissioner, appointed to fill the unexpired at-large position on the Board vacated by Tex Olsen, former Sevier County Commissioner. Jerry Grover, Utah County Commissioner who has been appointed by the Utah County Commission as the Utah County Representative on the Board beginning February 14, 2003.

#### **INTRODUCTION of NEW DIRECTOR—LESTER NIXON**

All attendees took turns introducing themselves and welcoming Lester Nixon. Lester Nixon thanked the Board and said he is honored to be selected as the Director. Lester received his Master of Public Administration at the University of Oklahoma, has his CPCU (Chartered Property Casualty Underwriter) designation and 25 years insurance experience, which includes being the first Public Entity Risk Manager for Oklahoma City, Risk Manager for the Humboldt County California Pool and Risk Manager of the New Mexico Association of Counties. Lester has two children, has found a home in Draper and is anxious to move his family to Utah. Lester has the utmost respect for public officials.

#### **DIRECTOR'S REPORT**

Lester Nixon reported that in the four days as the Director he 1) visited the newest member, Morgan County, where Sonya White and Mark Brady did a great job with the County's orientation, 2) met with Ken Bischoff, Kent Sundberg, Mark, Sonya and John Chino to finalize the changes to the 2003 Coverage Agreement that will be presented to the Board today, and 3) met with the Litigation Management Committee.



Lester explained that AGRIP (Association of Governmental Risk Pools) is holding their Spring Conference in March in Houston Texas. He would not normally ask to attend a conference this soon at new employment, he would be out of the office for four days, but there are sessions being offered that affect counties, e.g., terrorism and HIPAA (Health Insurance Portability and Accountability Act). Lester is working on his goals for the Mutual. Staff has been great and the Mutual is running well.

#### REVIEW of BOARD MEMBERS ABSENT

Gary Herbert explained that he received a call from Brent Gardner who said he is stuck in a committee meeting at the Capitol and will be unable to attend. A motion was not made to excuse Brent Gardner from this meeting.

#### APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held January 16, 2003 were previously sent to the Board Members for review. The Board made the following corrections:

1. Move SET DATE and TIME for CLOSED MEETING, page two, before APPOINTMENT to FILL TEX OLSEN'S UNEXPIRED TERM (AT-LARGE) because the Board went into closed session during this item.
2. Change *...by the election process in November* to through the election process in November on page two APPOINTMENT to FILL TEX OLSEN'S UNEXPIRED TERM (AT-LARGE) second to the last sentence.
3. BROKER REPORT, page three, second paragraph, (~~under 15 passenger~~) should be (over 15 passenger).
4. PREMIUM ALLOCATION for FLOOD ZONE A PROPERTIES, page three, Ken Bischoff ~~made a motion stated~~ that the Board's intent was to pay the 2002 flood premium for Flood Zone A properties but that the premium for 2003 would be allocated to those counties with Flood Zone A classified properties. Therefore, Ken ~~moved~~ made a motion to invoice Grand, Kane and Iron Counties for flood insurance on their Flood Zone A properties.
5. 2003 RISK MANAGEMENT PROGRAM, page 4, paragraph two, Page seven, section 5.2, credit increased for counties whose sheriff deputies receive annual training on use of force, vehicle pursuits, arrest and detention, ~~and~~ search and seizure. ~~For~~ and for counties whose corrections personnel receive annual training on use of force, search and seizure and grievances.
6. Move SET DATE and TIME for CLOSED MEETING, page five, before SEARCH for NEW DIRECTOR because the Board went into closed session during this item.
7. SEARCH for NEW DIRECTOR, page five, *The Board went into closed session to discuss the character, professional competence, physical or mental health of an individual. When the closed meeting concluded, Steve Baker made a motion...*

Steve Wall made a motion to approve the January 16, 2003 Board of Trustees minutes as corrected. Ken Bischoff seconded the motion, which passed unanimously.

#### ELECTION of BOARD OFFICER (PRESIDENT)

Gary Herbert explained that because of his workload as President of the Utah Association of Counties, today he is resigning as the President and Member of the Board of the Mutual. Gary has enjoyed serving as President and feels that the Mutual is an unqualified success. The Mutual is not perfect—there is room for improvement—but the Mutual has done really good things for its members. Commissioner Jerry Grover will be representing Utah County. Gary recommended to the Board that Dan McConkie and Lynn Lemon continue as officers of the Board by moving up one position and electing a new Secretary-Treasurer. Dan and Lynn have done a great job serving on the Board, Dan since 1998 and Lynn since 2001. Gene Roundy made a motion suspending the rules and electing Dan McConkie as President and Lynn Lemon as Vice-President. Kay Blackwell seconded the motion, which passed unanimously. Dan McConkie made a motion electing Gene Roundy as Secretary-Treasurer. LaVar Cox seconded the motion, which passed unanimously. Dan McConkie made a motion officially thanking Gary Herbert for 10 years as President of the Mutual, for his service and good leadership. Lynn Lemon seconded the motion, which passed unanimously.



## BROKER'S REPORT

Rich Stokluska reported that on February 27, 2003 the Director's & Officers/Errors & Omissions policy renews for UAC/UACIM/MCAT with the same carrier, St. Paul, \$2,000,000 liability including employment related practices. The premium is \$15,000 (a 14% increase from 2002). The underwriters have issued a statement that the application is accurate. Gene Roundy made a motion directing Rich Stokluska to bind the D&O E&O policy for UAC/UACIM/MCAT effective February 27, 2003. Steve Wall seconded the motion, which passed unanimously.

Rich Stokluska reported that it has come to his attention that there is a 30-day grace period for the Flood Zone A policy cancellation. Sonya White explained that pursuant to the Board's direction at the January 16 meeting, invoices were sent to Grand, Iron and Kane Counties to repay the premium that was paid by the Mutual for Flood Zone A properties. Grand County questioned if they could opt out of coverage. John Chino assured Sonya that the policy could be cancelled and the Mutual receive a full refund. Therefore, Sonya included a letter with the county invoices explaining this option. Now, Rich continued, after researching all the cancellation clauses, Grand and Kane Counties' policies have passed the 30-day cancellation period but, because Gallagher was waiting for additional information, Iron County is able to cancel their policy and a refund could be sent to the Mutual. Kent Sundberg explained that this was discussed in the Coverage Agreement meeting and the feeling of Kent and Ken Bischoff was that the Mutual should pay for flood coverage for the Flood Zone A properties out of surplus one more year. Lester Nixon made a recommendation to stop the cancellation of the Iron County policy. Lynn Lemon made a motion, superseding the motion made by Ken Bischoff, to pay the 2003 Flood Zone A premium out of Mutual surplus and notify the counties affected that they will be responsible for the 2004 premium. Ken Bischoff seconded the motion, which passed unanimously.

## INSURANCE COVERAGE for UACIM VEHICLES

Rich Stokluska explained that Gallagher placed coverage for four vehicles with Hartford Insurance Company under a policy for the Utah Association of Counties. The policy expires March 1, 2003 and two of the vehicles titles have been transferred over to the UAC Insurance Mutual. Rich stated that the vehicles could be covered under the Mutual's program. Lester Nixon said that the New Mexico Association of Counties insured their vehicles through the NMAC Insurance Pool. Sonya White ran the vehicle values and number of vehicles through the premium formula. The premium for the two vehicles for 2003 is \$291. Members report vehicles once a year to the Mutual. The Board decided (without motion) to cover the two UAC Insurance Mutual owned vehicles (2001 Ford Escape and 2002 Ford Taurus) beginning March 1, 2003 under the umbrella of the Mutual and defer the premium until 2004.

## 2003 COVERAGE AGREEMENT

Ken Bischoff explained that he, Kent Sundberg, Lester Nixon, Mark Brady, Sonya White and John Chino met Monday, February 10 to finalize the changes to the 2003 Coverage Agreement for review and approval by the Board (see attachment #1). Other than a few formatting corrections the following amendments are proposed for approval:

Page 2, Flood Zone A language added, Earthquake aggregate reduced, Terrorism sublimit added. Page 4, Language/limits added for Limited Professional Health Care Services and Terrorism. Page 6, *Member which terminates its membership in UAC...* stricken. Page 11, Cross Liability language moved to General Coverage Conditions for the Conditions of the Liability Section, *Multiple Claims or Claimants* language added. Page 12, Terrorism exclusion added. Page 15, Sexual Abuse exclusion added, Definition of "Accident" revised. Page 19, Definition of "Occurrence" revised. Page 20, Definition of "Sexual Abuse" and "Sexual Harassment" added. Page 47, Exclusion added under General Liability Section for *Any Claim made against an Insured in his or her personal capacity*. Page 48, Cross Liability language moved to the General Coverage Conditions, under Defense, Judgment and Settlement, language added *No defense will be provided for Claims made against an Insured in his or her personal capacity*. Page 57, *Morgan County* Endorsement added. Page 62-63, *Exclusion of War, Military Action and Terrorism* Endorsement added. Page 64-65, *Limited Professional Health Care Services* Endorsement added.



Lester explained that the revision of the "Accident" Definition (Page 15) and the revision of the "Occurrence" Definition (Page 19) was due to discussions regarding a legal opinion during the Litigation Management Committee meeting, held yesterday (February 12). Many of the Insurance Services Office (ISO) policies do not define "Accident" but those that do, avoid using words that trigger coverage. The definition in the Coverage Agreement is the legal definition used by the Utah Courts. The "Occurrence" definition, as recommended by the legal opinion attorney, is the ISO definition that simplifies this definition. Kent Sundberg explained that the Litigation Management Committee had directed Lester to rewrite these definitions.

Steve Baker recommended that the Definition for "Sexual Harassment" should mirror EEOC (Equal Employment Opportunity Commission) guidelines. The Davis County Personnel office used the EEOC guidelines to write the County's policies. The definition is broader than the language presented on Page 20. Mark Brady read the Davis County Personnel Policies definition to the Board. The Board agreed to use the definition based on EEOC guidelines.

Questions regarding added language on Pages 47 and 48 relating to "Any Claim made against an Insured in his or her personal capacity" and "No defense will be provided for Claims made against an Insured in his or her personal capacity" came from the Board. It was explained that the personal capacity exclusion needed to be added to ensure that the official duties of an insured is completely separate in the Coverage Agreement. The Board directed Mark Brady to work with the counties to make sure they understand this new exclusion and that their personnel policies match the Coverage Agreement.

Mark Brady explained that the Limited Professional Health Care Services Endorsement was added (Page 64-65) after counties questioned coverage for nurses professional and the definition of medical malpractice. Mark polled the counties to find what positions were being held so they could be listed on the endorsement. Ed Phillips said that Millard County has a position for a Physician's Assistant (PA). This position will be added to the endorsement.

Ken Bischoff made a motion to approve the 2003 Coverage Agreement as corrected. Ed Phillips seconded the motion, which passed unanimously.

#### UAC SERVICE AGREEMENT

Brent Gardner was unable to attend this meeting to present the proposed Utah Association of Counties Service Agreement.

#### APPROVAL of PAYMENTS

The Board reviewed a listing of all the payments to be made from the Mutual's Expense Account (see attachment #2). Dan McConkie questioned what it meant if a payment was "split" on the transaction detail. Sonya White explained that it means there are two or more items being paid under one check, e.g., mileage and hotel, payroll expenses, two invoices paid by one check, etc. With no further questions regarding the payment, James Eardley made a motion approving the payments to be made. Dan McConkie seconded the motion, which passed unanimously.

#### LOSS CONTROL MANAGER'S REPORT

Mark Brady reviewed a listing of the training sessions he has scheduled (see attachment #3) and the inspections scheduled (see attachment #4) so far to be conducted at the counties this year. Morgan County was impressed with the training and onsite inspections that the Mutual offers.

Mark explained that after reviewing the January ending reports, 2002 is the second best year in claims for the Mutual. In 1995 the net incurred loss is \$832,000 and for 2002 the net incurred loss is \$873,000. There were three fewer members in 1995.

#### SET DATE and TIME for CLOSED MEETING

Kay Blackwell made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for February 13, 2003 at 3:00 p.m. Steve Baker seconded the motion, which passed unanimously.



Ed Phillips made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on February 13, 2003 at 3:05 p.m. Dan McConkie seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing termination of defense for the named defendant, in his individual capacity, in the matter of SEV02088040. Steve Baker seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

Kent Sundberg made a motion to strike the agenda item to discuss the character, professional competence, physical or mental health of an individual in a closed meeting. LaVar Cox seconded the motion, which passed unanimously.


#### OTHER BUSINESS

Lynn Lemon explained that a request has been made by Lester Nixon and Sonya White to apply for a business card so that they will not have to use or continue to use their own credit cards for Mutual business. Lynn Lemon made a motion authorizing credit in the amount of \$1000 for both, Lester Nixon and Sonya White. Gene Roundy seconded the motion. Gary Herbert explained that since this was not an agenda item, the *Authorization to Borrow* letters will be signed by the officers of the Board but that this item will need to be listed on the March agenda to be ratified. Several Board members thought that \$1000 was not enough for Lester and Mark Brady (who already has a business card through the Mutual). If the limit needs to be increased, Lester and Mark will report to the Board at the next meeting.

LaVar Cox questioned whether the Utah Association of Counties had decided to remove their name from the Mutual's name? Gary Herbert said this issue would be addressed in the Service Contract at the next meeting and this is something for the Board to ponder for the next meeting.

The next meeting of the Board of Trustees will be held on Thursday, March 20, 2003 at 9:00 a.m. at the UAC/UACIM Building.

Approved on this 20 day of March 2003

  
Gene Roundy, UACIM Secretary-Treasurer



## Final Amendments to the 2003 Coverage Agreement

Met Monday: Ken, Kent, Lester, Mark, Sonya and John.

Other than a few formatting corrections the following amendments are proposed for approval:

### Page 2

1. Flood Zone A language.
2. Earthquake aggregate reduced.
3. Terrorism sublimit.

### Page 4

1. Language/limits added for Limited Professional Health Care Services and Terrorism.

### Page 6

1. Strike *Member which terminates its membership in UAC...*

### Page 11

1. Cross Liability language moved to General Coverage Conditions for the Conditions of the Liability Section.
2. *Multiple Claims or Claimants* language added.

### Page 12

1. Terrorism exclusion added.

### Page 15

1. Sexual Abuse exclusion added.
2. Definition of "Accident" revised (Lester will explain).

### Page 19

1. Definition of "Occurrence" revised (Lester will explain).

### Page 20

1. Definition of "Sexual Abuse" and "Sexual Harassment" added.

### Page 47

1. Exclusion added under General Liability Section for *Any Claim made against an Insured in his or her personal capacity.*

### Page 48

1. Cross Liability language moved to the General Coverage Conditions.
2. Under Defense, Judgment and Settlement, language added *No defense will be provided for Claims made against an Insured in his or her personal capacity.*

### Page 57

1. *Morgan County* Endorsement added.

### Page 62-63

1. *Exclusion of War, Military Action and Terrorism* Endorsement added.

### Page 64-65

1. *Limited Professional Health Care Services* Endorsement added.



# Utah Association of Counties Insurance Mutual

## 2003 Member Coverage Agreement

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### PART I

#### A. General Coverage Declarations

1. The Utah Association of Counties Insurance Mutual (the "**Mutual**") is a risk sharing arrangement among Utah County Governments. The **Mutual** is formed pursuant to the provisions of the Utah Insurance Code, Utah Code Ann. 31A-1-1 et. seq. (1994 & Supp. 1998), the Utah Interlocal Cooperation Act, Utah Code Ann. § 11-13-1 et. seq. (1996 & Supp. 1998) and through the Amended Bylaws and Amended Interlocal Cooperation Agreement signed by its Members. The purposes of the **Mutual** are to provide a multiline fund for property and casualty coverages and to assist **Members** in controlling costs by providing specialized governmental risk management services and systems.
2. The purpose of this **Coverage Agreement** is to describe the property and liability coverages provided to its **Named Members**. Some of the coverages, deductibles and limitations are unique to the ~~UAC Insurance~~ **Mutual** and may not be available elsewhere through private or commercial insurance.
3. It is the intent of the **Mutual** to provide the property and liability coverage outlined in this **Coverage Agreement** to each **Member** and those who work for them or on their behalf in accordance with the laws of the State of Utah. This **Coverage Agreement** was created to eliminate misunderstandings regarding coverages; to avoid coverage disputes; to clarify responsibilities during the **Claims** handling process; and to provide the **Members** with a document that easily identifies what is and is not covered.

## B. Limits Of Coverage

### 1. PROPERTY

Coverage:	Property, including building, contents, mobile equipment, EDP, auto physical damage, etc.
Limit:	\$250,150,000 each occurrence. This is a combined single limit, per occurrence (see Earthquake and Flood exceptions below).
Valuation:	Replacement cost except for vehicles and contractors' equipment, which are ACV (Actual Cash Value).
Auto Physical Damage:	Values included (\$1,000 deductible).
Flood:	Non-Flood Zone A: \$25,150,000 annual aggregate. Flood Zone A: <del>Not Covered</del> \$2,000,000 excess of NFIP, whether or not the coverage is purchased or maintained.
Earthquake:	\$25,150,000 annual aggregate
Extra Expense:	\$25,150,000 in any one loss.
EDP Equipment/Media:	\$24,692,884 in any one loss.
EDP Extra Expense:	\$1,400,000 in any one loss.
Newly Acquired Property:	\$1,150,000 (90-day reporting requirement)
Valuable Papers:	\$10,681,700 in any one loss.
Fine Arts:	\$1,400,000 in any one loss.
Accounts Receivable:	\$2,650,000 in any one loss.
Mobile Equipment:	\$39,506,895 in any one loss.
Debris Removal:	\$5,150,000 or 25% of loss, whichever is less.
Builders Risk:	\$5,150,000 sublimit (actual values must be reported within 90 days).
Increased Cost of Construction:	\$5,150,000 in any one loss.
<u>Terrorism:</u>	<u>\$100,000 in any one loss.</u>
Maintenance Deductible:	\$500 per occurrence (except auto physical damage=\$1000).
Major Property Exclusions (see Coverage Agreement for details):	Asbestos Removal (except as a result of named peril).
	Trees and Shrubs.
	Land & Water.
	Transmission & Distribution Lines (except as noted in the property section of the Coverage Agreement).
	Street &/or roadways, paved surfaces, bridges.

## 2. CRIME COVERAGES

Coverage:	Crime and Employee Dishonesty	
Form	Limit	Terms
Money & Securities (in premises)	\$300,000	Each and every loss
Money & Securities (out premises)	\$300,000	Each and every loss
Commercial Blanket Bond (including Faithful Performance):	\$300,000	Each and every loss (excludes employees known to have committed fraudulent or dishonest acts).
Depositors Forgery:	\$300,000	Each and every loss
Maintenance Deductible:	\$500	Per occurrence

Notes: The reporting period for crime losses is one year from expiration. Excludes those persons required by state statute to be bonded.

### 3. LIABILITY

Coverage:	Third-party liability including Bodily Injury, Property Damage and Personal Injury.	
Form:	Occurrence except for Public Officials Liability which is claims-made	
Coverage Parts	Limit	Terms
General Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Law Enforcement Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Employee Benefits Liability:	\$2,250,000 \$3,250,000	Per occurrence Aggregate per <b>Member</b>
Automobile Liability:	\$2,250,000	Per occurrence
Personal Injury Protection:	Per statute (See Endorsement 3)	Per occurrence
Uninsured Motorists:	Per statute (See Endorsement 4)	Per occurrence
Underinsured Motorists:	Per statute (See Endorsement 5)	Per occurrence
Public Officials Liability:	\$2,250,000 \$2,250,000	Per occurrence Aggregate per <b>Member</b>
Limited Professional Health Care Services	(See Endorsement 8)	
Terrorism:	\$50,000 \$100,000 \$300,000	Per occurrence Aggregate per <b>Member</b> Annual Aggregate
Major Liability Exclusions:	Pollution/Contamination/Asbestos/Lead	
Major Liability Exclusions (cont.):	Medical Malpractice (except <del>Nurses Liability</del> <u>Limited Professional Health Care Services</u> )	
	Inverse Condemnation (\$25,000 defense only)	
	Failure to Maintain or Supply water, gas, electric	
	Watercraft (over 25 feet in length)	

Notes: Retroactive date for Professional Liability is July 1, 1991. Includes unknown prior acts coverage.

## **PART II GENERAL COVERAGE CONDITIONS**

### **A. Claims Made Policy**

1. The Public Officials Errors & Omissions sections of this **Coverage Agreement** provide "Claims made" coverage. The coverages provided by those sections are limited generally to claims first made against the **Mutual** while the **Coverage Agreement** is in force or during the Extended Reporting Period. All other coverages provided by this **Coverage Agreement**, including property, auto liability and general liability, are on an **Occurrence** basis.
2. A **Claim** shall be considered as being first made at the earlier of the following times:
  - a. When the **Member** first gives notice in writing to the **Mutual's** claims administrator that a **Claim** has been made; or
  - b. When the **Member** first gives notice in writing to the **Mutual's** claims administrator of specific circumstances involving a particular person or entity, which may result in a **Claim**.
3. Upon a **Member** first becoming aware of any act or omission which would reasonably be expected to be the basis of a **Claim** or suit covered under this **Agreement**, written notice shall be given by the **Member** to the **Mutual's** claims administrator as soon as practicable, together with the fullest information obtainable. If a **Claim** is made or a lawsuit is brought against the **Member**, the **Member** shall immediately forward to the **Mutual** every demand, notice, summons or other process received by the **Member** or the **Member's** agent.

### **B. Contribution Payments**

Contributions are determined by the Board of Trustees at each anniversary for the forthcoming period of coverage and are based upon current underwriting information.

### **C. Territorial Scope**

This coverage applies to occurrences worldwide for which suit is brought in the United States.

### **D. Deductibles**

The coverages provided herein are subject to a property deductible of \$500, an **Automobile** physical damage deductible of \$1000 and a crime deductible of \$500 per

**Occurrence.** (Automobile physical damage is covered under the property section.) The property deductible does not apply to third party auto liability **Claims**.

**E. Arbitration**

1. In the event the **Insured** and the **Mutual** are unable to agree on any matter concerning this **Coverage Agreement**, including but not limited to coverage issues, the dispute shall be resolved through arbitration, not litigation. Either party may issue a written demand for arbitration. The **Insured** and the **Mutual** shall agree on the selection of an arbitrator. If they cannot agree within 30 days, either party may request that selection be made by a judge of a court having jurisdiction. Each party will pay the attorneys' fees and expenses it incurs and share the expenses of the arbitrator equally. If the **Insured's** claim for coverage is unsuccessful, the **Insured's** portion of the arbitrator's fee is not covered.
2. Both parties shall agree upon the location of the arbitration; if they cannot agree, the selected arbitrator shall determine the location. Local rules as to arbitration procedure and evidence will apply. The arbitrator's decision will be binding and that judgment may be entered in any court of competent jurisdiction.

**F. Cancellation/Non-Renewal**

1. Any **Member** may withdraw from the **Mutual**, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the **Member's** governing body. Timely written notice of such withdrawal must be provided to the Board no later than the ninetieth day prior to the date the **Member's** coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the **Member** before the ninetieth day prior to the date the **Member's** coverage would otherwise renew. The Board may at its sole discretion agree to permit an earlier date of withdrawal.
2. A withdrawn **Member** shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the **Mutual**, and any continuing obligation of the **Mutual** to the **Member** or of the **Member** to the **Mutual**, after the effective date of the **Member's** withdrawal, shall be consistent with any policy adopted by the Board, and the laws of the State of Utah.

~~A **Member** which terminates its membership in the Utah Association of Counties shall not be a **Member** of the **Mutual** effective as of the end of the policy period during which the termination of the membership occurred.~~

3. A **Member** which fails to pay a premium or any other payment due the **Mutual** shall have its membership in the **Mutual** terminated on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of intent to terminate membership for failure to pay a premium shall be mailed to the **Member** at least thirty (30) days prior to the date of termination. A termination of membership under this paragraph shall not be subject to the provisions for notice and/or hearing otherwise provided in this General Coverage Condition 6.
4. Any membership in the **Mutual** may be terminated by the Board or the **Members** for failure of the **Member** to carry out any other obligation of the **Member**, subject to the following:
  - a. The **Member** shall receive notice from the Board of the alleged failure and shall be given not less than thirty (30) days in which to cure the alleged failure, along with notice that termination of membership could result if the failure is not so cured.
  - b. The **Member** may request a hearing before and decision by the **Members** on the termination. The request shall be made in writing to the Board at least five days before the end of the period given by the Board to cure the alleged failure. At such hearing, the Board shall present the case for termination of membership and the affected **Member** may present its case. The affected **Member** shall not be counted in determining the number of votes required, nor shall the representative of such **Member** be entitled to vote on the termination.
5. If no request is received pursuant to this General Coverage Condition 6, and if the failure is not cured within the time required by the Board's notice or any extension of such time as the Board may grant, the Board may terminate the membership. The **Member** may request a hearing before, and decision by, the Board on the proposed termination in lieu of a hearing before the **Members**. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to cure the alleged failure, and shall be granted if so made.
6. The Board shall provide the **Member** at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board or **Members**, as applicable, may set.

7. Termination of membership shall be in addition to any other remedy, which may exist. A **Member** shall lose all voting rights upon termination of its membership. Any claim of title or interest to any asset of the **Mutual**, and any continuing obligation of the **Mutual** to the **Member** or of the **Member** to the **Mutual**, after the termination of membership, shall be as determined consistent with the Agreement, any policy adopted by the Board, and the laws of the State of Utah.
8. If the period of limitation relating to the giving of the notice is prohibited or made void by any law, that period is amended to provide the minimum period of limitation provided by law.

#### **G. Claims**

1. **Members** must notify the **Mutual's** claims administrator as soon as reasonably practicable of an **Occurrence** that may result in a **Claim**. To the extent possible, notice should include how, when and where the **Occurrence** took place; the names and addresses of any injured persons and witnesses; and the nature and location of any injury or damage arising out of the **Occurrence**. Informing the **Mutual** of an **Occurrence** is not notice of a **Claim**.
2. If a **Claim** is received by any **Member**, the **Member** shall immediately record the specifics of the **Claim** and the date received and shall notify the **Mutual's** claims administrator as soon as practicable.

The **Member** shall:

- a. Immediately send the **Mutual's** claims administrator copies of any demands, notices, summonses or legal papers received in connection with the **Claim** or **Suit**.
- b. Authorize the claims administrator to obtain records and other information.
- c. Cooperate with the **Mutual** and the claims administrator in the investigation, settlement or defense of the **Claim** or **Suit**.
- d. Assist the **Mutual**, upon its request, in the enforcement of any right against any person or organization which may be liable to the **Insured** because of injury or damage to which this **Coverage Agreement** may also apply.
- e. Submit at the **Mutual's** expense and as often as the **Mutual** requires to examinations by physicians selected by the **Mutual**, and

authorize the **Mutual** to obtain medical reports and other pertinent information.

3. No **Member**, or other **Insured** will, except at its own cost, voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without the **Mutual's** consent.
4. The **Insured** shall promptly take at its own expense, except as otherwise provided in this **Agreement**, all reasonable steps to prevent additional injury or damage from or arising out of the same or similar conditions at the same location where the initial injury or damage occurred. Any failure to take such preventative measures shall not constitute a breach of the condition unless the **Mutual** has requested the **Insured** in writing to undertake those preventative measures. Any such expense shall not be recoverable under this **Coverage Agreement**.
5. Additionally, to recover for loss to a covered auto or equipment, the **Member** shall:
  - a. Permit the **Mutual** to inspect and appraise the damaged property before its repair or disposition;
  - b. Do what is reasonably necessary after the loss to protect the covered **Auto** from further loss;
  - c. Submit a proof of loss when required by the **Mutual**; and
  - d. Promptly notify the appropriate local law enforcement agency if the **Automobile** or piece of equipment was stolen.

#### **H. Due Diligence**

The **Insured** shall use due diligence and concur in doing all things reasonably practical to avoid or diminish any loss of or damage to the property insured.

#### **I. Inspections, Audits and Verification of Values**

The **Mutual** or its authorized representatives may inspect the premises used by the **Members** and audit the **Member's** books or records at any time during the term of this **Agreement** or within three years after its expiration or termination. There is no time limit for auditing the **Member's** books or records with respect to **Claims** under this **Agreement**.

#### **J. Mortgage**

The interest of any mortgagor on property covered by this **Agreement** is included as if a separate endorsement were attached hereto to the extent of the amount of the mortgage as of the date of loss, subject to the limits of liability set forth in this **Agreement**.

#### **K. Other Insurance**

If the **Insured** has other insurance against loss or damage covered under this **Agreement**, the **Mutual** is liable under the terms of this **Agreement** only as excess of coverage provided by another insurance policy. However, this clause does not apply to the purchase of excess insurance or reinsurance above the excess limits of insurance stated in this **Coverage Agreement**.

#### **L. Subrogation, Salvage and Recovery**

The **Mutual** shall be subrogated to all rights which the **Insured** may have against any person or other entity in respect to any **Claim** or payment made under this **Coverage Agreement** and the **Insured** shall execute all papers required by the **Mutual** and shall cooperate with the **Mutual** to secure the **Mutual's** rights. If any reimbursement is obtained, or salvage or recovery made by the **Insured** or the **Mutual** on account of any loss covered by the **Mutual**, the net amount of such reimbursement salvage or recovery, after deducting the actual cost of obtaining or making the same, shall be applied in the following order:

1. To the amount of loss which has been paid by the excess/ reinsurer.
2. To reduce the **Mutual's** loss until the **Mutual** is fully reimbursed.
3. To reduce the **Insured's** loss because of the application of the self-insured retention or any aggregate loss fund.

#### **M. Fraudulent Claims**

If an **Insured** makes a **Claim** knowing the **Claim** to be false or fraudulent, in regard to the **Claim's** amount or otherwise, coverage shall become void and the **Claim** shall be forfeited.

#### **N. Extended Reporting Period**

1. The extended reporting period for **Claims** covered by the Public Officials Errors & Omissions portion of this **Agreement** is automatically provided without additional charge. This period starts with the end of the period of insurance and extends for 60 days. In the event of non-renewal of this **Agreement** by the **Mutual** or the **Member**, the **Member**, upon payment of an additional contribution of not more than 100% of the total expiring premium, shall have the right to extend the period in which a **Claim** may

be made by the **Member** against the **Mutual** for a period of up to 24 months after the expiration date of this **Agreement**.

2. The extended reporting period does not apply to **Claims** that are covered under any subsequent insurance applicable to this **Coverage Agreement** which a **Member** purchases or that would have been covered but for exhaustion of the amount of insurance applicable to those **Claims**.

**O. Cross Liability**

1. In the event of liability being incurred by reason of injury suffered by any employee of one **Member** which does not arise out of the injured employee's employment, for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.
2. In the event of liability being incurred by reason of **Property Damage** to **Property** belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.
3. Nothing contained in this condition shall operate to:
  - a. Increase the **Mutual's** limits of liability; or
  - b. Include coverage for a **Member** who sustains **Property Damage** as a consequence of its own employee's acts.

**P. Multiple Claims or Claimants**

1. Inclusion herein of more than one **Member** or **Named Member** or the making of more than one claim or the bringing of suits by more than one person or organization shall not operate to increase Limits of Coverage.
2. Two or more claims arising out of a single wrongful act or series of related wrongful acts shall be treated as a single claim. All such claims, whenever made, shall be considered first made during the coverage period, or extended reporting period if purchased, in which the earliest claim arising out of such wrongful act or related wrongful acts was first made and all such claims shall be subject to the same Limits of Coverage.

### PART III GENERAL COVERAGE EXCLUSIONS

The following exclusions apply to all coverages described in this **Agreement**. This **Agreement** does not provide coverage for:

- A. Loss, damage or any type of liability caused by or resulting from fraudulent or dishonest acts committed by the **Insured**, whether working alone or with others, except as provided in the Crime Coverages herein.
- B. Expenses from any cost, civil fine, penalty or expense against any **Insured** for any compliance or enforcement action from any federal, state or local governmental regulatory agency.
- C. Any liability arising out of either the operations of a hospital or the medical malpractice of any physician, medical doctor, osteopath, chiropractor, resident, extern or intern; psychiatrist; pharmacist; dentist, orthodontist, or periodontist.
- D. Workers' compensation, employers' liability and occupational disease.
- E. Claims arising for declaratory or injunctive relief.
- F. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever to the property of the **Member** due to war, either directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, any weapon of war employing atomic fission or radioactive force whether in time of peace or war, hostilities (whether war was declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- G. Any act of terrorism meaning any act or threatened act that is violent, forceful or in any way dangerous to persons or **Property** (tangible or intangible), of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes which may include the intention to influence any government and/or to put the public, or any section of the public, in fear. This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to paragraphs 1 and 2 above.
- H. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever, including the loss of use or any other type of loss or damage caused by the release, discharge or dispersal of **Pollutants** anywhere, anytime in any way, whether accidental or intentional, sudden, intermittent or continuous and

regardless of ownership or location, EXCEPT this exclusion does not apply as provided in the Liability Section for **Bodily Injury** or **Property Damage** arising out of heat, smoke or fumes from a hostile fire.

- I. **Bodily Injury, Personal Injury, Property Damage** or any other type of damage whatsoever, directly or indirectly caused by the presence of *asbestos or lead* in any form, except as covered in the Property Section.
- J. Loss or damage caused by or resulting from moth, vermin, termites or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, contamination, rust, wet or dry rot, mold, dampness or atmosphere, smog, extremes of temperature or loss or damage by settling for any reason, including movement of any kind, shrinkage or expansion in building or foundation.
- K. Loss of or damage to or **Claims** resulting from the maintenance, operation or use of any satellite, aircraft, or of water craft over 26 feet in length.
- L. Loss of or damage to jewelry, precious stones and furs or garments trimmed with fur.
- M. **Bodily Injury, Personal Injury, Property Damage** or any type of damage whatsoever for any **Claims** made or lawsuits brought against any **Insured** alleging physical or sexual assault, abuse, molestation or habitual neglect. This exclusion applies whether the act was committed intentionally, negligently, inadvertently or with the belief, erroneous or otherwise, that the other party is consenting and has the legal and mental capacity to consent.
  - 1. However, the **Insured** may be entitled to a defense and the payment of **Claims** expenses for civil **Claims** brought against the **Insured** as provided under the terms of this **Agreement** if the lawsuit is brought for alleged civil rights violations in addition to physical or sexual assault, abuse, molestation or habitual neglect. The **Mutual** may provide for the defense of the **Claim** unless or until a judgment or final adjudication of liability is established or there is an admission by the **Insured** accused of the act that establishes the injury claimed in the suit in whole or in part.
  - 2. The **Mutual** shall not be required to appeal a judgment or final adjudication that is adverse to the **Insured**. However, if the **Insured** elects to appeal the judgment or final adjudication and the judgment or adjudication is reversed on the issue of liability, the **Mutual** may then reimburse the **Insured** for all reasonable expenses incurred in the appeals process.

**N. Any Claim or Claims for Bodily Injury or Personal Injury relating to:**

1. Human Immune Deficiency Virus (HIV);
2. Acquired Immune Deficiency Syndrome Related Complex (ARC);
3. Acquired Immune Deficiency Syndrome (AIDS);
4. Any virus, complex or syndrome that is related to the foregoing;

EXCEPT this exclusion does not apply to any actual or alleged discrimination based on the actual or alleged contraction of any of the foregoing as covered under Section II B - Errors and Omissions.

**O. Any Claim based upon the Insured's failure to comply with the Federal Employee Retirement Income Security Act of 1974 (ERISA), including subsequent amendments or any similar federal, state or local law or regulations.**

**P. Bodily Injury, Personal Injury, Property Damage or any type of damage whatsoever resulting from nuclear incidents, including:**

1. Loss or damage to property of the **Member** or liability from **Property Damage, Bodily Injury or Personal Injury** accruing to the **Insured** directly or indirectly from any and all forms of radioactive contamination;
2. Any loss or damage to property of the **Insured** or liability from **Property Damage, Bodily Injury or Personal Injury** accruing to the **Insured** directly or indirectly from any pool of Insurers or Reinsurers formed for the purpose of covering atomic or nuclear energy risks;
3. Any loss or liability accruing to the **Insured**, directly or indirectly, for physical damage of property of the **Insured** including Business Interruption or consequential loss arising out of such physical damage, in addition to **Property Damage, Bodily Injury or Personal Injury** due to nuclear reactor power plants, any nuclear material or the dispersal, discharge, storage or processing of nuclear material, nuclear facilities, installations, laboratories or special nuclear material, as defined by the Atomic Energy Act of 1954 as amended;
4. Any loss or damage or liability resulting from the hazardous properties of nuclear material and with respect to which any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954 as amended, or if the **Insured** is or, had this Agreement not been issued, would be entitled to indemnity from the United States of America or any agency thereof.

5. Definitions used in this exclusion:

- a. "Hazardous properties" means radioactive, toxic or explosive properties.
- b. "Nuclear materials" means source material, special nuclear material, byproduct material and have the meanings given them in the Atomic Energy Act of 1954, as amended.
- c. "Spent nuclear fuel" means any fuel element or fuel component, solid or liquid, which has been used, or to radiation in a nuclear reactor.
- d. "Waste" means any waste material which contains byproduct material from any ore processed primarily for its source material content and which results from the operation by any person or organization of any nuclear facility.
- e. "Nuclear facility" means any nuclear reactor, any equipment or device designed or used for separating the isotopes of uranium or plutonium or processing or utilizing spent fuel, or handling, processing or packaging waste. Nuclear facility also means any equipment or device used for the processing, fabricating or alloying of special nuclear material and any structure, basin, excavation, premises or place prepared or used for the storage of waste and the site and all operations on that site.

Q. To any claims arising in whole or in part out of any Sexual Abuse, either performed or alleged to have been performed by a Member. Claims of Sexual Harassment are covered under this Agreement unless the claim also arises out of Sexual Abuse.

#### PART IV GENERAL DEFINITIONS

"Accident" is descriptive of means which produce effects which are not their natural and probable consequences. means an event or Occurrence including continuous or repeated exposure to the same general harmful conditions, which occurs on or after the retroactive dates attached to this Agreement and which results in Bodily Injury, Personal Injury or Property Damage. If the Bodily Injury, Personal Injury and Property Damage result from the same Occurrence, it shall be treated as resulting from one Accident.

This "Agreement" or this "Coverage Agreement" means the Coverage Agreement created to describe the property and liability coverages provided to the Members of the Mutual.

**"Automobile"** or **"Auto"** means any motor vehicle intended or designed for highway use, and trailers or semi-trailers, including their equipment and any other equipment permanently attached to it, but **Automobile** does not include **Mobile Equipment**. However, self-propelled vehicles with the following types of permanently attached equipment are considered **Automobiles**: equipment designed primarily for snow removal, equipment designed for road maintenance but not construction or resurfacing, and equipment designed for street cleaning.

**"Bodily Injury"** means physical injury (including death) to any person, and any mental anguish or shock, sickness, disease, disability or death associated with or arising from that physical injury. **Bodily Injury** also includes battery and incidental medical malpractice.

**"Claim"** is an allegation of damage for which an **Insured** seeks coverage from the **Mutual**.

**"Contamination"** means any unclean, unsafe, damaging, injurious or unhealthy condition arising out of the presence of **Pollutants**, whether permanent or transient in any environment.

**"Damages"** include jury awards, settlements, attorney's fees and costs, but do not include back pay, overtime pay or other benefits that are routinely paid by a **Member** to its employees.

**"Earthquake"** means seismic geologic activity which causes movement in the earth's surface including loss or damage from any other cause or event that contributes concurrently or in any sequence to the loss. If more than one earthquake shock occurs within any period of 72 hours during the term of this insurance, it is deemed to be a single earthquake **Occurrence**.

**"Employee Benefit Programs"** means group life insurance, group accident or health insurance, pension plans, profit sharing plans, employee savings and investment plans, employee stock subscription plans, travel or vacation plans, workers' compensation, unemployment insurance, social security, disability benefits insurance, employee welfare benefit plans and welfare plans, and any other similar employee benefit programs.

**"Employment Related Practices"** means:

1. Refusal to employ;
2. Termination of employment;
3. Practices, policies, acts or omissions such as coercion, demotion, failure to promote, evaluation, reassignment, discipline, harassment (other than sexual harassment), civil rights and discrimination;

4. Any act relating to the selection, supervision or dismissal of any employee.

**"Environment"** includes any person, any real or personal property, animals, crops and vegetation, land including land under which a building is placed, bodies of water, underground water or water table supplies, air and any other feature of the earth or its atmosphere, whether or not altered, developed or cultivated, including but not limited to any of the above that is owned, controlled or occupied by a **Member**.

**"Flood and Surface Water"** means waves, tide or tidal water and the rising (including the overflowing or breaking of boundaries) of lakes, ponds, reservoirs, rivers, streams, harbors and similar bodies of water.

**"Hired Auto"** means those **Autos** that a **Member** leases, hires, rents, or borrows. This does not include any **Auto** leased, hired, rented or borrowed for a **Member's** employees, or members of their households.

**"Insured"** means a **Member**. **"Insured"** also includes the following:

1. Any past, present or future officials; members of boards or commissions, trustees or directors; officers, volunteers authorized to act on behalf of the county or employees of the **Member** while acting within the scope of their duties as such, and any person, organization, trustee or estate to whom the **Member** is obligated by virtue of a written contract or agreement to provide insurance such as is outlined in this **Coverage Agreement**, but only in respect of operations by or on behalf of the **Member**.
2. Under Part VIII, Section D of the Coverage Summary (which describes **Automobile Liability Coverage Limits**), any person while using an **Automobile** owned by the **Member** or a **Hired Automobile**, and any person or organization legally responsible for the use thereof, provided the actual use of the **Automobile** is by any official, trustee, director, officer or employee of the **Member** or the **Insured** or with his permission and any official of the **Member** with respect to the use of non-owned **Automobiles** in the business of the **Member**. This coverage, with respect to any person or organization other than the **Member**, *does not apply*:
  - a. To any person or organization or to any of their agents or employees operating an **Automobile** sales agency, repair shop, service station, storage garage or public parking place, with respect to any **Accident** arising out of those operations;
  - b. To any employee of a person or organization other than the **Member** with respect to injury or sickness, disease or death during the course of employment in an **Accident** arising out of the

civil rights. However, **Personal Injury** does not apply to **Claims** arising out of **Law Enforcement Activities**.

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, sounds, alkalis, chemicals, liquids, solids, gases, thermal pollutants, waste and all other irritants or contaminants. "Waste" includes materials to be recycled, reconditioned or reclaimed. However, for purposes of the general liability coverages provided in this agreement, "Pollutants" does not include herbicides or pesticides.

**"Premises"** means the interior of that portion of a building, which is occupied by the **Member** for business operations.

**"Property"** or **"Property of the Named Member"** means all real and personal property, including leasehold improvements or betterments which the **Member** owns, property which the **Member** holds on consignment or agrees to cover by any contractual agreement normal to its operations, and the **Member's** own property in the course of construction, repair or renovation.

**"Property Damage"** means direct damage to or destruction or loss of tangible property, including all resulting loss of use of property. This definition applies to Sections II and III of this Agreement. **Property Damage** excludes damage to the property owned by the **Member** but includes damage to property of others in the care, custody or control of the **Member** or property purchased by the **Member** under a contract which provides that the title remain with the sellers until payments are completed, in which case the **Mutual's** liability is limited to the amount of payments outstanding.

**"Securities"** means all negotiable instruments or contracts representing either money or other property and includes revenue and other stamps in current use, tokens and tickets, but does not include money.

**"Sexual Abuse"** means any actual, attempted or alleged criminal sexual conduct towards a person by another person, or persons acting in concert, which causes physical and/or mental injury. **Sexual Abuse** includes: sexual molestation, sexual assault, sexual exploitation or sexual injury. **Sexual Abuse** does not include **Sexual Harassment**.

**"Sexual Harassment"** means any actual, attempted or alleged unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature towards a person by another person, or persons acting in concert, which causes physical and/or mental injuries. **Sexual Harassment** includes the above conduct when submission to or rejection of such conduct is made either explicitly or implicitly a condition of a person's employment, or a basis for employment decisions affecting a person or the above conduct when such conduct has the purpose or effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment. **Sexual Harassment** does not include **Sexual Abuse**.

**“Ultimate Net Loss”** means the total sum that the **Insured** becomes obligated to pay by reason of any **Claim**, either through adjudication or settlement, after making proper deductions for all recoveries and salvages. The term includes hospital, medical and funeral charges and all sums paid as fees, charges and legal costs, premiums on attachment or appeal bonds, interest, expenses for doctors, lawyers, nurses and investigators, and for litigation, settlement, adjustment and investigation of **Claims** and lawsuits which are paid as a consequence of any **Occurrence** covered by the **Mutual**. Fees paid to the third party administrator are specifically excluded from this definition. **The Mutual does not pay for any claim for front pay, back pay or other incidents of compensation or benefits due to a Member’s employees.**

**“Wrongful Act”** means any actual or alleged error or misstatement, omission, act of neglect or breach of duty including employment related practices, discrimination and violations of civil rights by the **Insured**. If a **Claim** is made that involves a series of related **Wrongful Acts**, the **Claim** date shall be the date when the first of the related **Claims** was made. Only one deductible and one self-insured retention shall apply.

## **PART V PROPERTY COVERAGE SECTION**

### **A. Coverage Agreements**

#### **1. Buildings and Contents**

The **Mutual** agrees, subject to limitations, terms and conditions of this **Agreement**, to indemnify the **Named Member** for all physical loss or damage to all real or personal property of every kind and description, wherever located, which occurs during the **Agreement Period**.

#### **2. Automobile and Mobile Equipment Physical Damage**

The **Mutual** agrees, subject to the limitations, terms and conditions of this **Agreement**, to indemnify the **Member** for loss or damage to **Automobiles** and **Mobile Equipment** owned by the **Member** or for which the **Member** has an obligation to provide coverage, wherever located, against all risks of direct physical loss or damage including the collision of an **Automobile** with another object.

#### **3. Crime Coverage**

The **Mutual** will indemnify **Members** for losses of **Money** and **Securities**, losses caused by forgery and alteration and losses caused by employee dishonesty under the terms and conditions set out in this section.

### **B. Conditions of Coverage**

#### **1. Valuation**

On buildings, structures and general contents, the **Mutual** shall not be liable for loss or damage in excess of the cost, as of the date of loss, of replacement of the damaged or destroyed property in a new condition with materials of like size, kind and quality, all subject to the following conditions:

- a. If the damaged or destroyed property is not repaired, rebuilt or replaced on the same or another site within two years after the loss or damage, the **Mutual** shall not be liable for more than the actual cash value as of the date of loss (ascertained with proper depreciation) of the property destroyed.

- b. Except as provided in subsection 3., the total liability of the **Mutual** under this **Agreement** for loss to **Property** shall not exceed the lesser of the following:
  - (i) The cost to repair;
  - (ii) The cost to rebuild or replace, all as of the date of loss, on the same site, with new materials of a like size, kind and quality;
  - (iii) The actual expenditure incurred in rebuilding, repairing or replacing on the same or another site; or
  - (iv) The **Member's** stated value listed on the property schedule.
- c. A **Member** may provide for the increased value of an historical building, but only by completing the following steps prior to loss:
  - (i) Provide written notice of the intention to cover the **Property** for restoration cost instead of replacement cost;
  - (ii) Include a proper description of the building and the desired limits of coverage for the **Property**; and
  - (iii) Provide an appraisal supporting the reported value.

## 2. **Debris Removal**

This **Agreement** covers the expense of removal from the premises of debris remaining after any covered loss, including the expense of removal of any foundations, if damaged or unusable.

## 3. **Removal Clause**

This **Agreement** covers the expense and damage to property removed from the premises, which results from the property being endangered by the perils covered against.

## 4. **Architect's and Engineer's Fees**

Fees are limited to a maximum of seven percent of the repair or replacement cost of damaged property whichever is less.

## 5. **Civil Authority Clause**

Notwithstanding anything contained in this **Agreement**, **Property** which is insured under this **Agreement** is also covered against the risk of damage or destruction by civil authority during a fire and for the purpose of retarding the same; provided that neither the fire nor its damage or destruction is caused or contributed to by war, invasion, revolution, rebellion insurrection or other hostilities or warlike operations.

#### 6. **Ordinance Deficiency Clause**

Notwithstanding anything contained herein to the contrary, the **Mutual** shall be liable also for the loss occasioned by the enforcement of any federal, state or municipal law, ordinance or code, which necessitates, by repairing or rebuilding, replacement of material to meet those requirements. If demolition is required to comply with the enforcement, the **Mutual** shall also be liable for such additional costs.

#### 7. **Expense To Reduce Or Prevent Loss**

The **Named Member** shall employ every reasonable means to protect **Property** from further damage, including the prompt execution of temporary repairs where necessary for such protection and the separation of damaged from undamaged personal property. The **Mutual** shall be liable for reasonable expenses so incurred to minimize insured loss, but any payment under this provision shall not serve to increase the limit of liability that would otherwise apply at the time and place of loss, nor shall such expenses exceed the amount by which the loss is reduced.

### C. **EXCLUSIONS**

In addition to the general exclusions of this **Coverage Agreement**, this section does not apply to any **Claim** for damages, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.

In addition, this section does not cover loss or damage to:

1. Land, or land values, atmosphere, standing timber, trees, shrubs, plants, lawn, growing crops, water except water which is normally contained within any type of tank, piping system or other process equipment.
2. Dams, levees or dikes, bridges, roadways, streets, walks or other paved surfaces, railroad beds, ties and tracks, fences, and retaining walls outside of and not forming a part of any building.
3. Underground mines and mining property located below the surface of the ground.

4. Any **Property** undergoing insulation breakdown tests.
5. Accounts, bills, currency, deeds, evidences of debt or title, **Money**, notes or **Securities**, other than covered under Section II - Crime Coverage or by endorsement.
6. With respect to property in the course of construction:
  - a. Loss or damage to **Property** caused by or resulting from errors in design or testing of that **Property** but not excluding resultant physical loss or damage to **Property** covered hereunder other than the **Property** lost or damaged by error in the design or testing of that property;
  - b. The repair or replacement of faulty or defective workmanship, material, or construction, but this exclusion shall not apply to physical damage to other **Property** resulting from such faulty or defective workmanship or material; or
  - c. Penalties for non-completion of, or delay in completion of, contract or non-compliance with contract conditions, nor for loss of use of occupancy however caused.
7. Loss resulting from loss of use, delay or loss of markets.
8. Any loss caused by or resulting from explosion, implosion, rupture, bursting, cracking, burning or bulging of boilers, pressure vessels or the piping or apparatus attached thereto unless fire ensues, and then only for the actual loss or damage caused by the ensuing fire.
9. Error in machine programming or machine instructions, or breakdown or derangement of machinery.
10. Inventory shortage, mysterious disappearance or loss resulting from any kind of infidelity, dishonesty or fraud on the part of the **Member** of any of its employees, whether alone or in collusion with others, except from the perils covered in Section V - Summary of Crime Coverages, Item A, of this **Coverage Agreement**.
11. Loss or damage to electrical appliances, devices, fixtures or wiring caused by artificially generated electric current, unless fire or explosion ensues, and then only for the actual loss or damage caused by such ensuing fire or explosion.

12. Loss or damage to real and personal property caused by processing, renovating, repairing or faulty workmanship thereon, unless fire or explosion ensues, and then only for the direct loss or damage caused by such ensuing fire or explosion.
13. Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight leakage, depletion, erosion, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss or damage is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.
14. Loss or damage to real property resulting from cracking, bulging, expansion of pavements, foundations, walls, floors or ceilings, unless one or more of the building or structure's walls or roofs is physically broken and falls to a lower level. If, however, direct loss by liquids or gases not otherwise excluded, or collapse results, then this **Agreement** shall cover only the resulting loss. Loss resulting from extremes or changes of temperature (except to water piping or space heating equipment due to freezing) or changes in relative humidity, all whether atmospheric or not, is also excluded.
15. Any increase of loss due to interference with rebuilding, repairing, or replacing the property or with the resumption or continuation of business at the described premises caused by strikers or other persons.
16. Any increase in loss due to the suspension, lapse or cancellation of any lease or license, contract or order.
17. Property sold by the Insured under conditional sale, trust agreement, installment payment, or other deferred payment plan, after delivery to customers.
18. Transmission and distribution facilities, except within 1000 feet of the described premises.
19. Contraband, or property in the course of illegal transportation or trade.
20. Loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.
  - a. The failure, malfunction or inadequacy of:

(i) Any of the following, whether belonging to any insured or to others:

- (A) Computer hardware, including microprocessors.
- (B) Computer application software.
- (C) Computer operating systems and related software.
- (D) Computer networks.
- (E) Microprocessors (computer chips) not part of any computer system.
- (F) Any other computerized or electronic equipment or components; or

(ii) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in section 20.a(i) due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for an **Insured** to determine, rectify or test for, any potential or actual problems described in paragraph 1 of this exclusion.

21. Loss of or injury to animals except as named in a specific endorsement;

#### **D. Extensions of Coverage**

##### **1. Extra Expense**

It is agreed that if the **Member's** property is damaged or destroyed during the period of this **Coverage Agreement** so as to necessitate incurring Extra Expense (as defined below) the **Mutual** shall be liable for the Extra Expense so incurred, not exceeding the actual loss sustained, for not exceeding such length of time, hereinafter referred to as the **Period of Restoration**.

It is further agreed that this extension in coverage shall not operate to increase the **Mutual's** limits of liability here under.

a. Definitions that Apply to Extra Expense:

- (i) The term **Extra Expense** means the excess (if any) of the total cost incurred during the Period of Restoration chargeable to the operation of the **Member's** business, over and above the total cost that would normally have been incurred to conduct the business during the same period had no damage or destruction occurred.

Any salvage value of **Property** obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.

- (ii) The term **normal** means the condition that would have existed had no loss occurred.
- (iii) The word **month** means 30 consecutive days.
- (iv) **Period of restoration** means such length of time commencing with the date of damage and not limited by the date of expiration of the **Coverage Agreement**, as would be required with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the **Member's Property** as has been damaged or destroyed.

b. Conditions that Apply to Extra Expense:

- (i) **RESUMPTION OF OPERATIONS:** It is a condition of the **Coverage Agreement** that as soon as practical, the **Member** shall resume normal operations of the business and shall dispense with such Extra Expense.
- (ii) **INTERRUPTION BY CIVIL AUTHORITY:** Liability hereunder is extended to include actual loss as covered hereunder, sustained during the period of time, not exceeding two weeks, when as a direct result of peril covered against, access to the premises in which the **Property** described is located is prohibited by order of civil authority.

c. Exclusions that Apply to Extra Expense:

In addition to the general exclusions of this **Coverage Agreement**, the **Mutual** shall not be liable for Extra Expense resulting from:

- (i) The suspension, lapse or cancellation of any lease, license contract or order beyond the period of restoration.
  - (ii) Interference at a premises by strikers or other persons with rebuilding, repairing or replacing the **Property** damaged or destroyed, or with the resumption or continuation of business.
  - (iii) Enforcement of any local or state ordinance or law regulating construction, repair, or demolition of buildings or structures.
- c. Further, the **Mutual** shall not be liable for:
- (i) More than the amount set forth in the limits of liability for each premises.
  - (ii) Loss of income.
  - (iii) The cost of repairing or replacing any of the real or personal property covered hereunder, or the cost of research or other expense necessary to replace or restore damaged or destroyed books of account, abstract drawings, card index systems or other records, (including files, tape, disc, drum, cell or other magnetic recording or storage media for electronic data processing), that have been damaged or destroyed by the perils covered against, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing loss under the **Coverage Agreement**. In no even shall such excess cost exceed the amount by which the total extra expense loss otherwise payable under this **Coverage Agreement** ensues from theft or attempted theft, and the **Mutual** shall be liable for only such ensuing loss.
  - (iv) Loss resulting from theft of any **Property** which at the time of loss is not an integral part of building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not excluded in this **Coverage Agreement** ensues from theft or attempted theft, and then the **Mutual** shall be liable for only such ensuing loss.

## 2. Electronic Data Processing Equipment

a. **Property Covered:**

- (i) Data processing systems including equipment and component parts thereof owned by the **Member** or leased, rented or under the control of the **Member**.
- (ii) This **Agreement** insures against the necessary Extra Expense, as defined in this section, incurred by a **Member** in order to continue as nearly as practicable the normal operation of its business, immediately following damage to or destruction of a data processing system including equipment and component parts and data processing media which is owned, leased, rented or under the control of the **Member**, as a result of all risks of physical loss or damage. In no event shall the insured loss exceed the amount indicated in the limits of this **Coverage Agreement**.
- (iii) This coverage includes actual losses sustained during the period of the **Agreement** including losses where the **Property** is so damaged that access to the **Property** is prevented or when the air conditioning system or electrical system necessary for the operation of the data processing equipment is so damaged that the **Member's** ability to perform normal operations is reduced or suspended.

b. **Property Excluded:**

- (i) Active data processing media which is hereby defined as meaning all forms of converted data and/or program and/or instruction vehicles employed in the **Member's** data processing operation;
- (ii) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts, or other documents;
- (iii) **Property** rented or leased to others while away from the premises of the **Member**.

c. **Perils Covered:**

This **Agreement** covers against all risks or direct physical loss or damage to the **Property** covered, except as hereinafter provided.

d. **Perils Excluded:**

This extension does not cover against loss, damage or expense caused directly or indirectly by:

- (i) Damage due to mechanical failure, faulty construction, error in design unless fire or explosion ensues, and then only for loss, damage or expense caused by the ensuing fire or explosion.
- (ii) Any dishonest, fraudulent or criminal act by any **Insured**, a partner therein or an officer, director or trustee thereof, whether acting alone or in collusion with others.

e. Valuation.

Replacement cost - The **Mutual** shall not be liable beyond the actual replacement cost of the **Property** at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated on the basis of the actual cash replacement cost of **Property** similar in kind to that covered at the place of and immediately preceding the time of the loss or damage, but in no event to exceed the limit of liability stipulated in the General Coverage Declarations of this **Coverage Agreement**.

d. Difference In Conditions.

It is a condition of this coverage that the **Member** shall file with the **Mutual** a copy of any lease or rental agreement pertaining to the property covered hereunder insofar as concerns the lessors' liability for loss or damage to the **Property**, coverage afforded hereunder shall be only for the difference in conditions between those contained in said lease or rental agreement and the terms of the extension. The **Member** agrees to give the **Mutual** 30 days notice of any alteration, cancellation or termination of the above mentioned lease or rental agreement pertaining to the lessors' liability.

3. **Valuable Papers and Records**

a. Conditions that Apply to Valuable Papers:

- (i) The **Mutual** agrees to pay for the loss or damage to valuable papers and records.
- (ii) This extension covers all risks of direct physical loss of, or damage to, valuable papers and records, except as hereinafter provided, which occur during the period of coverage.

b. Protection of Valuable Papers and Records.

Coverage under this extension shall apply only while the **Member's** valuable papers and records are contained in the premises of the **Member**, and shall be kept in protective receptacles at all times when the premises are not open for business, except while the valuable papers and records are in actual use.

c. Automatic Extension.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being conveyed outside the premises and while temporarily within other premises, except for storage.

d. Removal.

The coverage afforded by this section of the **Agreement** applies while the valuable papers and records are being removed to and while at a place of safety because of imminent danger of loss and while being returned from that place, provided the **Member** gives written notice to the **Mutual** of the removal within 10 days thereafter.

e. Ownership of Valuable Papers and Records. Interest Covered:

Valuable papers and records that are covered may be owned by the **Member** or held by the **Member** in any capacity; provided, the coverage applies only to the interest of the **Member** in the valuable papers and records, including the **Member's** liability to others, and does not apply to the interest of any other person or organization in any of the valuable papers and records unless included in the **Member's** proof of loss.

f. Limits of Liability, Valuation, Settlement Option.

- (i) The limit of the **Mutual's** liability for loss shall not exceed the actual cash value of the valuable papers and records at the time of loss nor what it would then cost to repair or replace the valuable papers and records with others of like kind and quality, nor the applicable limit of coverage. The **Mutual** may pay for the loss in money or may repair or replace the valuable papers and records and may settle any **Claim** for loss of the valuable papers and records either with the **Member** or the owner thereof.
- (ii) Application of the coverage to valuable papers and records of more than one person shall not operate to increase the applicable limit of coverage.

- (iii) Notice to any representative or knowledge possessed by any representative or by any other person shall not effect a waiver or a change in any part of this extension or stop the **Mutual** from asserting any right under the terms of this extension nor shall the terms of this extension be waived or changed, except by endorsement issued to form a part of this extension.

g. Definition of Valuable Papers.

The term **Valuable Papers and Records** means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but does not mean **Money or Securities**.

h. Exclusions That Apply to Valuable Papers:

This section does not provide coverage for:

- (i) Loss or damage due to any dishonest, fraudulent or criminal act by any **Insured**, or any officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss of or damage to **Property**, if that **Property** cannot be replaced with like kind or quality.
- (iii) Loss of or damage to **Property** held as samples or for sale or delivery after sale.
- (iv) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

4. **Accounts Receivable**

In consideration of the **Member** contribution paid and subject to the terms, conditions and exclusions of this **Agreement**, and to the following terms, conditions and exclusions, this coverage description is extended to cover:

a. Subject of Coverage:

- (i) All sums due to the **Member** from customers and others provided the **Member** is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable.

- (ii) Interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectable by such loss or damage.
- (iii) Collection expenses in excess of normal collection costs and made necessary because of the loss or damage.
- (iv) Other expenses, when reasonable incurred by the **Member** in re-establishing records of accounts receivable following loss or damage.

b. Perils Covered:

All risks of direct physical loss or damage to the **Member's** records of accounts receivable occurring during the period of this **Coverage Agreement**, except as specified in this section.

c. Perils Excluded:

This extension does not cover against:

- (i) Loss due to any fraudulent, dishonest or criminal act by any **Insured** or an officer, director or trustee of the **Member**, whether acting alone or in collusion with others.
- (ii) Loss due to bookkeeping, accounting or billing errors or omissions.
- (iii) Loss, the proof of which as to factual existence, is dependent upon an audit of records or an inventory computation; but this shall not preclude the use of such procedures in support of **Claim** for loss, which the **Member** can prove through evidence, is due solely to a risk of loss to records of accounts receivable not otherwise excluded hereunder.
- (iv) Loss due to alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of **Money**, **Securities** or other **Property** but only to the extent of such wrongful giving, taking, obtaining or withholding.

- (v) Loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning.

d. Sum Covered.

The **Mutual** shall not be liable under this extension for more than the respective sum covered stated in the declarations in respect of each loss or series of losses arising out of one event.

e. Conditions.

After payment of loss, all amounts recovered by the **Member** on accounts receivable for which the **Member** has been indemnified shall belong to and be paid to the **Mutual** by the **Member** up to the total amount of loss paid by the **Mutual**, but all recoveries in excess of those amounts shall belong to the **Member**.

f. Determination of Receivables, Deductions.

- (i) When there is proof that a loss covered by this extension has occurred but the **Member** cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the **Member's** monthly statements and shall be computed as follows:
  - (A) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
  - (B) Calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve months immediately preceding the month in which the loss occurs, or such part thereof for which the **Member** has furnished monthly statements to the **Mutual** as compared with the average for the same months of the preceding year;
  - (C) The amount determined under (i), increased or decreased by the percentage calculated under subsection (ii), shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which the loss occurred;

(D) The amount determined under subsection (iii) above, shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which the statement has been rendered.

(ii) There shall be deducted from the total amount of accounts receivable, however established, the amount of the accounts evidenced by records not lost or damaged, or otherwise established or collected by the **Member**, and an amount to allow for probable bad debts which would normally have not been collectable by the **Member**. All unearned interest and service shall be deducted.

## 5. **Property In Transit**

### a. Coverage for **Property In Transit**.

In consideration of the **Member** contribution paid and subject to the terms, limits and conditions of this **Agreement**, and to the following conditions and exclusions, coverage is extended to: personal property of the **Member** or **Property** held by the **Member** in trust or on commission or on consignment for which the **Member** may be held legally liable while in due course of transit within the limits of the continental United States of America (excluding Hawaii) and Canada, against all risks of direct physical loss or damage to the **Property** covered occurring during the period of this **Coverage Agreement** (including general average and salvage charges on shipments covered while waterborne).

### b. Exclusions that Apply to Transit:

This extension does not cover against:

(i) Loss or damage to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile articles, marring, scratching, exposure to light, or change in color, texture or flavor, unless such loss is caused directly by fire or the combating thereof, lightning, windstorm, hail, explosion, strike, riot or civil commotion, aircraft, vehicles, breakage of pipes or

apparatus, sprinkler leakage, vandalism and malicious mischief, theft or attempted theft.

- (ii) Loss of use, delay or loss of markets.
- (iii) Loss or damage caused by or resulting from misappropriation, conversion, infidelity or any dishonest act on the part of the **Member** or other party of interest, the **Member's** employees or agents or others to whom the **Property** may be delivered or entrusted (carriers for hire excepted).
- (iv) Loss or damage caused by breakdown or derangement of refrigerating units.
- (v) Accounts, bills, currency, **Money**, notes, **Securities**, deeds, evidences of debt and valuable papers.
- (vi) Vehicles designed for highway use.
- (vii) Data processing equipment and media, including but not limited to film, tape, disc, drum, cell and other recording or storage media for data processing.
- (viii) **Property** in due course of ocean marine transit.
- (ix) Shipments by mail after delivery into the custody of the Post Office.

c. Conditions that Apply to Transit:

- (i) The **Member** may accept without prejudice to this **Coverage Agreement** the ordinary bills of lading or receipts issued by carriers including those constraining released or partially released value provisions, but the **Member** shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.
- (ii) **Property** covered by this section shall be valued as follows:
  - (A) Sold **Property** at the actual net invoice price of the **Member**;

- (B) **Unsold Property** at the actual cash value of the **Property** at the time the loss or damage occurs with proper deduction for depreciation and in no event to exceed what it would cost to repair or replace the **Property** with material of like kind and quality.

6. **Loss of Rents**

- a. It is hereby understood and agreed that subject to all terms, conditions and exclusions otherwise applicable to Part V – Property Coverage Section A.1. of this **Coverage Agreement** is extended to cover loss of rents directly resulting from the necessary untenability of a covered building caused by damage to the building or its contents by a peril covered against, and for which a limit of liability for loss to rents has been specified in the declarations.
- b. If the described building or any part of the building, whether rented at the time or not, shall be rendered untenable by the perils covered against, the **Mutual** shall be liable to the **Member** for an amount not exceeding the actual loss sustained based upon loss of rents of such untenable parts, not exceeding the limit of liability covering against loss of rents, not for more than one-twelfth of such limit when in the declarations for any one month, and proportionate part thereof for any period less than one month. In case any portion of the building is occupied and used by the **Member**, this **Coverage Agreement** shall extend to and cover the rental value of that portion in the same manner as if under lease to a tenant.
- c. Liability under this **Coverage Agreement** is extended to include actual loss as sustained during the period of time, not exceeding two weeks, when as a direct result of a peril covered against, access to the **Member's** locations are prohibited by order of civil authority.
- d. The **Mutual** shall not be liable for any increase of loss, which may be occasioned by the suspension, lapse or cancellation of any lease, license or contract, nor for any increase or loss due to interference at the **Member's** locations by strikers or other persons with regard to restoration of the premises to a tenantable condition.
- e. For the purpose of this **Coverage Agreement**, the term "Rents" shall mean the determined rents and rental value, less the charges

and expenses that do not necessarily continue after **Occurrence** of the peril.

**7. Debris Removal**

Debris removal is limited to 25% of the total **Property Damage** loss. This **Coverage Agreement** also covers, within the sum covered:

- a. Expenses incurred in removal from the premises of the **Member** of debris of the covered **Property** destroyed or damaged; and
- b. The cost of clean up at the premises made necessary as result of the loss or damage. It is a condition precedent to recovery under this extension that the **Mutual** shall have paid or agreed to pay for physical loss or damage and that the **Member** shall give notice to the **Mutual** of the intent to file a **Claim** for cost of removal of debris or cost of clean up **NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.**

**8. Unnamed Locations**

It is hereby understood and agreed that subject to the limits of coverage and all terms, conditions and exclusions of this **Agreement**, coverage is extended to real property that is not listed on the **Member's** stated value of Property Schedule, and not otherwise covered, for direct physical loss or damage.

## PART VI CRIME COVERAGE SECTION

### A. Money and Securities

#### 1. Property Covered:

**Money and Securities** inside the premises or outside the premises or in banking premises are covered under this **Agreement**.

#### 2. Perils Insured:

The perils insured include theft, disappearance, destruction, burglary, and robbery.

#### 3. Coverage Description:

This **Agreement** will indemnify **Members** for loss of and loss from:

- a. Damage to a safe, vault, cash register, cash box or cash drawer located inside the premises resulting directly from an actual or attempted theft of, or unlawful entry into a container of **Property** covered.
- b. **Money and Securities** outside the premises in the care and custody of a messenger.
- c. Loss of **Property** covered outside the premises in the care and custody of an armored vehicle company. However, the **Member** will be indemnified only for the amount of loss that the **Member** cannot recover under the **Member's** contract with the armored motor vehicle company and from any insurance or indemnity carried by or for the benefit of customers of the armored motor vehicle company.

#### 4. Exclusions:

- a. In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:
- b. **Money or Securities** after they have been transferred or surrendered to a person or place outside the premises based upon unauthorized instructions or as a result of a threat to do bodily harm or damage to any **Property**. But this exclusion does not apply to loss of covered **Property** while outside the premises or in

banking premises or in the care and custody of a messenger if the **Member**:

- (i) Had no knowledge of any threat at the time the conveyance began; or
- (ii) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.
- (iii) Loss resulting from the giving or surrendering of **Property** in any exchange or purchase.
- (iv) Loss of **Property** in any **Money** operated device unless the amount of **Money** deposited in it is recorded by a continuous recording instrument in the device.

5. Additional Duties in the Event of Loss:

If a **Member** has reason to believe that any loss of or loss from damage to property involves a violation of law, the **Member** must notify the police.

6. Definitions that Apply to Money and Securities:

**Banking premises** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

**Burglary** means the taking of **Property** from inside the premises by a person unlawfully entering or leaving the premises as evidenced by marks of forcible entry or exit.

**Messenger** means the **Member**, any of the **Member's** directors, officers, elected or appointed officials, trustees, volunteers or any employee while having care and custody of the **Property** outside the premises.

**Robbery** means the taking of **Property** from the care and custody of a person by one who has caused or threatened to cause that person bodily harm or by one who has committed an obviously unlawful act witnessed by that person.

**Theft** means any act of stealing.

**B. Forgery or Alteration**

1. Coverage Description.

The **Mutual** will indemnify the **Member** for loss involving Covered Instruments resulting directly from the perils insured. Covered Instruments means checks, drafts, promissory notes, or similar written promises, orders or directions to pay a certain sum in **Money** that are made or drawn by or drawn upon by the **Member** or made or drawn by one acting as the **Member's** agent or that are purported to have been so made or drawn.

2. Perils Covered.

Forgery or alteration of, on or in any covered instrument.

3. Coverage Description.

The **Mutual** will indemnify **Members** under this section for loss due to the **Member's** good faith acceptance of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer. The **Mutual** will also indemnify **Members** for counterfeit United States or Canadian paper currency received in exchange for merchandise, **Money** or services or as part of a normal business transaction.

4. Additional Conditions:

- a. Mechanically reproduced facsimile signatures will be treated the same as handwritten signatures.
- b. For the purposes of this coverage section, the word Instrument has the same meaning as covered **Property**.
- c. The **Member** must include with proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

**C. Employee Dishonesty**

1. Coverage Description.

The **Mutual** will indemnify **Members** for the loss of or damage to business personal property, including **Money** and **Securities** owned or held by the **Member** or for which the **Member** is liable.

2. Perils Covered.

Direct loss of or damage to **Property** covered resulting from dishonest acts committed by any of the **Member's** employees, acting alone or in collusion with others, that occur within the period of insurance.

3. Faithful Performance.

The **Mutual** will indemnify the **Member** under this Section for loss to **Property** covered through the failure of an employee to faithfully perform duties as prescribed by law or to account properly for all **Property** covered. Coverage includes loss due to the inability of the employee to faithfully perform these duties because of a criminal act committed by someone other than an employee. However, loss resulting from the failure of any entity acting as depository for the **Member's Property** is excluded from coverage.

4. Definitions:

**Dishonest acts** means dishonest or fraudulent acts committed with the apparent intent to cause the **Member** to sustain loss or damage and to obtain financial benefit for the employee or for any other employee, person or organization. The financial benefit does not include salaries, commissions, bonuses, fees, profit sharing or other employee benefits.

5. Exclusions:

In addition to the General Exclusions of this **Coverage Agreement**, there is no coverage under the Crime Coverage for loss or damage due to:

- a. Loss caused by any county official required to be individually bonded or insured under Utah Code Ann. §17-16-11 (1995);
- b. Damage where the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation;
- c. Loss that is not discovered within one year after the end of the period of insurance;
- d. Legal expenses for any indirect loss.

## PART VII LIABILITY COVERAGE SECTION

### A. General Liability

#### 1. Coverage Agreements

- a. The **Mutual** agrees to pay those sums that the **Insured** becomes legally obligated to pay as **Money Damages** because of **Bodily Injury, Property Damage, Personal Injury or Law Enforcement Personal Injury** to which this coverage applies. The **Bodily Injury, Personal Injury or Law Enforcement Personal Injury or Property Damage** must be caused by an **Occurrence**. This coverage includes but is not limited to **Host/Liquor Liability, Products Liability, Completed Operations, Incidental Malpractice and Law Enforcement Activities**.
- b. Notwithstanding the Agreements above, the **Mutual** shall not be liable to pay on behalf of or indemnify the **Insured** for any sum which the **Insured** shall be obligated to pay if a judgment or final adjudication in any action brought against the **Insured** shall be based on a determination that acts of fraud or dishonesty were committed by the **Insured**.

#### 2. Definitions That Apply To General Liability

**"Completed Operations"** means **Bodily Injury or Property Damage** arising out of operations or reliance upon a representation or warranty made at anytime with respect thereto, but only if the **Bodily Injury or Property Damage** occurs after the operations have been completed or abandoned and occurs away from premises owned by or rented to the **Member**. Operations include materials, parts or equipment furnished in connection therewith.

- a. Operations shall be deemed completed at the earliest of the following times:
  - (i) When all operations to be performed by or on behalf of the **Member** under the contract have been completed, or
  - (ii) When all operations to be performed by or on behalf of the **Member** at the site of the operations have been completed, or

- (iii) When the portion of the work out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- b. Operations which may require further service or maintenance work, or correction, repair or replacement because of any defect or deficiency, but which are otherwise complete, shall be deemed completed.

**"Host/Liquor Liability"** means indemnification for the **Insured's** liability for the sale or distribution of alcoholic beverage.

**"Incidental Malpractice"** means emergency medical services rendered or which should have been rendered to any person or persons (other than Employees of the **Member** injured during the course of their employment) by any duly qualified medical practitioner, nurse, technician or other employee employed by and acting on behalf of the **Member**. This coverage does not apply to persons rendering medical care pursuant to a contract with the **Named Member**.

**"Money Damages"** means all sums recoverable by law from any liability covered under this **Agreement** excluding punitive damages, but not including any sums awarded for plaintiff's attorney fees under 42 U.S. Code, Section 1988 in any case in which monetary damages are not specifically sought or not awarded.

**"Products Liability"** means **Bodily Injury** or **Property Damage** arising out of the **Member's** products or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Bodily Injury** or **Property Damage** occurs away from premises owned by or rented to the **Member** and after physical possession of such products has been relinquished to others.

**"Suit"** means an action in which a complaint, requesting **Money Damages** to which this insurance applies, has been filed in court. **"Suit"** also includes an alternative dispute resolution proceeding alleging such damages to which the insured must submit or submits with both our consent, and our agreement to pay for defense.

### 3. Exclusions Applicable To General Liability

The **Mutual** will provide a defense and indemnification, subject to a reservation of all exclusions and defenses, to any **Member's** public official, employee or authorized volunteer who is alleged to have committed an act of sexual harassment. In no event shall indemnity be provided for any damages awarded against a **Member's** public official, employee or authorized volunteer where it is

determined by the court that the claimant was willfully and intentional sexually and physically abused or molested.

In addition to the general exclusions of this **Coverage Agreement**, this section does not apply to:

- a. Any **Claim** for damages, whether direct or consequential, or for any cause of action which is covered under any other section of this **Agreement**.
- b. **Bodily Injury, Personal Injury, Law Enforcement Personal Injury or Property Damage** intended or expected from the standpoint of the **Insured**. This exclusion does not apply to **Bodily Injury, Personal Injury or Law Enforcement Personal Injury** resulting from the use of reasonable force to protect persons or property.
- c. The withdrawal, inspection, repair, replacement, or loss of use of the **Member's** products or work completed by or on behalf of the **Member** or of any **Property** of which such products or work form a part, if such products, work or **Property** are withdrawn from the market, or from use, because of any known or suspected defect or deficiency therein.
- d. Any liability arising out of the operation of any aircraft, airport or any other aviation activities.
- e. Any obligation for which the **Member** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employers liability or under any similar law or to bodily injuries to any employee or to any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
- f. **Bodily Injury, Property Damage, Personal Injury, Law Enforcement Personal Injury** or any other damages whatsoever caused by the maintenance, operation or use of an **Automobile**.
- g. Any investigatory, disciplinary or criminal proceedings against an individual **Insured** except that the **Mutual** may at its own option assign counsel in the defense of any such investigatory, administrative or disciplinary proceeding. Should the **Mutual** elect to assign counsel that shall not constitute a waiver or estoppel of any rights the **Mutual** may have pursuant to the terms, conditions, exclusions, and limitations of this **Agreement**.

- h. Any **Claim** arising out of a dishonest, fraudulent or criminal act. The Mutual may elect to defend an **Insured** until it is determined that the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.
- i. Any **Claim** seeking relief or redress, in any form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for monetary damages under the Americans with Disabilities Act.
- j. To any **Claim** for back pay, overtime pay or other incidents of compensation or benefits due to a **Member's** employees.
- k. To any **Claim** arising out of a breach of contract.
- l. To medical or hospital expenses or costs incurred by the **Insured** in providing or furnishing medical aid or treatment to an inmate or detainee at a jail or correctional facility as a result of the **Insured's** statutory or constitutional obligation to furnish medical or hospital care to an inmate or detainee within its physical custody; this exclusion does not apply to **Claims** brought by an inmate alleging the **Insured**, through the acts or omissions of its representatives or employees, caused injury to an inmate or violated his constitutional or civil rights by not providing medical care or treatment.
- m. Employment Related Practices.
- n. Any liability arising out of the operation of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation claims, or regulatory taking by whatever name called, whether that liability accrues directly against the **Insured** or by virtue of any agreement entered into, by or on behalf of the **Member**. **Claims** alleging civil rights or statutory violations arising out of any of the listed principals, **Claims** or proceedings are also excluded.
- o. Any **Claim** made against an **Insured** in his or her personal capacity.

#### 4. Specific Conditions Liability Section

**A. ~~Cross Liability~~**

- ~~1. In the event of liability being incurred by reason of injury suffered by any employee of one Member which does not arise out of the injured employee's employment, for which another Member is liable, then this Agreement shall indemnify the Member for that liability in the same manner as if separate agreements had been issued to each Member.~~
- ~~2. In the event of liability being incurred by reason of **Property Damage to Property** belonging to any Member for which another Member is liable, then this Agreement shall indemnify the Member in the same manner as if separate agreements had been issued to each Member.~~
- ~~3. Nothing contained in this condition shall operate to:~~
  - ~~a) Increase the Mutual's limits of liability; or~~
  - ~~b) Include coverage for a Member who sustains **Property Damage** as a consequence of its own employee's acts.~~

**a. Defense, Judgment and Settlement**

- (i) The Mutual has the right and duty to defend any Suit against the Insured claiming Money Damages for which coverage is afforded under this Agreement for an Occurrence during the Agreement period, even if any of the allegations of the suit are groundless, false, or fraudulent, and may make such investigation and settlement of any Claim or suit as it deems expedient. No defense will be provided for Claims made against an Insured in his or her personal capacity. The Mutual has the right to select counsel; however, an Insured may hire co-defense counsel, at Insured's expense, to assist in the defense of Claims, provided the attorney selected by the Mutual shall be lead counsel. The Mutual's duty to defend shall arise when the complaint or Claim alleges facts, which would obligate the Mutual to indemnify the insured if the alleged facts were proven. The Mutual will only be responsible for payment of that portion of a settlement or judgment, which relates to Claims for which coverage is afforded under the terms of this Agreement. Provided, however, the Mutual shall not be obligated to pay any settlement or judgment or to defend

any suit after the applicable limits of liability have been exhausted.

- (ii) The limits of liability set forth in the General and Auto Liability Sections shall include all costs, attorney's fees and expenses awarded to an adverse party in a litigated or contested **Claim**. All costs, attorney's fees and expenses incurred in the defense of a litigated or contested **Claim**, shall be excess of the limits of liability set forth.
- (iii) In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Mutual** to the extent that the liability is covered by this section.

## 5. Limit of Liability

- a. The **Mutual's** liability for damages as the result of any one **Occurrence** is limited as described in the Limits of Coverage of this **Agreement** less the amount of the **Insured's** deductible.
- b. For the purpose of determining the limit of liability, all damages arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one **Occurrence**.

## B. Public Officials Errors and Omissions Liability

### 1. Coverage Agreements

- a. The **Mutual** agrees, subject to the limitations, terms and conditions of this **Agreement**, to defend any **Suit** and pay on behalf of the **Insured** all **Money Damages** incurred by the **Insured** by reason of any **Wrongful Act** arising out of any **Claim** first made during the period of this **Coverage Agreement**, or any applicable extended reporting period.
- b. The **Mutual** will pay on behalf of the **Insured**, **Money Damages** and expenses incurred by the **Mutual**, the cost of attachment or similar bonds (but without any obligation on the part of the **Mutual** to apply for or furnish such bonds), and costs, charges and expenses incurred in connection with any governmental investigation provided that a **Claim** is brought against the **Insured**

for a **Wrongful Act** that is or was a subject of a governmental investigation, and that **Claim** is otherwise covered by this **Agreement**.

## 2. Exclusions Applicable To Errors & Omissions Liability

In addition to the general exclusions of this **Coverage Agreement**, this section shall not apply to any **Claim** made against the **Insured**:

- a. Based upon or attributable to them gaining in fact any personal profit or advantage to which they were not legally entitled including remuneration paid in violation of law as determined by the courts.
- b. Brought about or contributed to by fraud, dishonesty or criminal act of any **Insured**.
- c. Based upon or attributable to the rendering or failure to render any opinion, treatment, consultation or service if that opinion, treatment, consultation or service was rendered or failed to have been rendered while the **Insured** was engaged in any activity for which they received compensation from any source other than as a public entity or an employee of a public entity.
- d. Arising out of estimates of probable costs or cost estimates being exceeded or for faulty preparation of bid specifications or plans or to injury to, destruction or disappearance of any tangible Property (including Money) or the loss of use thereof.
- e. Arising out of the failure to supply a specific amount of electrical power or fuel arising out of the interruption of the electrical power or fuel supply.
- f. For which the **Insured** is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a **Claim** under any agreement or agreements the term of which has commenced prior to the inception date of this **Agreement**.
- g. Arising out of or in any way involving any employee benefit plan of the **Member**.
- h. For any **Claim** covered under the General Liability section.

- i. For any liability arising out of or in any way connected with the operations of the principles of eminent domain, condemnation proceedings or **Claims**, inverse condemnation, inverse condemnation proceedings or regulatory taking, by whatever name called, whether such liability accrues directly against the **Insured** or by virtue of any agreement entered into by or on behalf of the **Member**. **Claims** alleging civil rights violations arising out of any of the above listed principals, **Claims** or proceedings, are also excluded.
  - (i) However, a defense will be provided, up to a maximum of \$25,000 for **Suits** alleging inverse condemnation, but only for claims arising out of or in any way connected with the operations of the principles of eminent domain, condemnation proceedings or regulatory takings, by whatever name called. Such defense limits shall be eroded by the costs of defending other claims, whether covered or not covered under this Agreement, included in the same **Suit** or arising from the same **Occurrence**.
  - (ii) Liability coverage under this Agreement is provided for monetary damages arising from a decision by the **Member** or its officers or Employees to issue or not issue certificates of occupancy, business licenses, alcoholic beverage licenses, or licenses the **Member** is authorized by law to issue.
- j. Any liability arising out of the operation of any aircraft, airport or any other aviation activities.
- k. Seeking relief or redress in any other form other than **Money Damages**, and for fees or expenses relating to **Claims**, demands or actions seeking relief in any form other than **Money Damages**. This exclusion includes but is not limited to all costs incurred to comply with injunctive relief ordered under the Americans with Disabilities Act but shall not apply to **Claims** for **Money Damages** under the American with Disabilities Act.
- l. Arising out of a breach of contract other than an implied-in-fact employment contract.

## C. Employee Benefits Liability

### 2. Coverage Agreements

In consideration of the **Insured** contribution charged and subject to the terms, exclusions and definitions of this **Agreement**, the **Mutual** agrees to pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as a result of **Money Damages** sustained by an employee, prospective employee, former employee or the beneficiaries or legal representatives thereof in the administration of the **Member's** employee benefit programs as defined in this section and caused by any negligent act, error or omission by the **Insured** or any other person for whose acts the **Member** is legally liable, occurring during the coverage period and then only if **Claim** is made or **Suit** is brought during the coverage period or as defined under General Coverage Conditions.

## 2. Definitions

**"Employee Benefit Programs"** means group life insurance, group health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers compensation, unemployment insurance, social security, disability benefits insurance and travel, savings or vacation plans.

The unqualified word **"Administration"** wherever used means:

- a. Giving counsel to employees with respect to the employee benefits program;
- b. Interpreting the employee benefit programs;
- c. Handling records in connection with the employee benefits program; or
- d. Effecting the enrollment, termination or cancellation of employees under the employee benefits programs; provided all such acts are authorized by the **Member**.

## 3. Exclusions Applicable To Errors & Omissions And Employee Benefits Liability

In addition to the general exclusions of this **Coverage Agreement**, Employee Benefits Liability does not apply to:

- a. Any dishonest, fraudulent, criminal or malicious act, libel, slander, discrimination or humiliation.
- b. **Bodily Injury** to, or sickness, disease, or death, of any person, or to injury to or destruction of any tangible property including the loss of use thereof.

- c. Any **Claim** for failure of performance of contract by any insurer, including failure of any employee benefit program.
- d. Any **Claim** based upon the **Insured's** failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits.
- e. Any **Claim** based upon:
  - (i) Failure of stock to perform as represented by any **Insured**;
  - (ii) Advice given by an **Insured** to an employee to participate or not to participate in stock subscription plans;
  - (iii) The investment or non-investment of funds.
- f. Any **Claim** resulting from an **Occurrence**, which commences prior to the **Retroactive Date**, set in the General Coverage Declarations.
- g. In the event of bankruptcy or insolvency of the **Member**, such bankruptcy or insolvency may not diminish the coverage provided by this section regarding third parties. If execution against the **Insured** is returned unsatisfied, an action may be maintained against the **Mutual** to the extent that the liability is covered by this section.

## PART VIII AUTOMOBILE LIABILITY SECTION

### A. Coverage Agreements

The **Mutual** agrees to pay for those sums, which the **Insured** becomes legally obligated to pay as damages because of **Bodily Injury** or **Property Damage** arising out of the ownership, maintenance or use of any **Member** owned **Automobile**, or **Hired Auto**, subject to the limitations, terms and conditions of this **Coverage Agreement**. The **Claim** or lawsuit must be the result of an **Accident** and be brought solely by reason of bodily injury (including death resulting at any time from the **Accident**) or damage or destruction of property or its loss of use arising out of the ownership, maintenance or use of an **Automobile**.

### B. Exclusions That Apply To Auto Liability

In addition to the general exclusions of this **Coverage Agreement**, this **Agreement** does not cover:

1. Any **Claim** for damages or for any cause of action, which is covered under any other section of this **Agreement**.
2. Any obligation for which the **Member** may be held liable under any workers' compensation, unemployment compensation, disability benefits law, employer's liability or under any similar law or for bodily injuries to any employee or for any liability for indemnity or contribution brought by any party for bodily injuries to any employee.
3. Any **Claim** arising out of any dishonest, fraudulent or criminal act. The **Mutual** may elect to defend an **Insured** until it is determined that the **Claim** did arise out of a dishonest, fraudulent or criminal act without a waiver of any rights under this **Agreement**.
4. Any **Claim** seeking relief or redress, in any form other than **Money Damages** and fees or expenses related to **Claims**, demands or actions seeking relief in any form other than **Money Damages** are excluded, except as added by separate endorsement.
5. **Bodily Injury** or **Property Damage** expected or intended from the standpoint of the **Insured**.

### C. Specific Conditions — Auto Liability

1. In the event that liability is incurred by reason of **Bodily Injury** suffered by any employee of a **Member** which does not arise out of the injured employee's employment and for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** for that liability in the same manner as if separate agreements had been issued to each **Member**.
2. In the event that liability is incurred by reason of **Property Damage** to property belonging to any **Member** for which another **Member** is liable, then this **Agreement** shall indemnify the **Member** in the same manner as if separate agreements had been issued to each **Member**.

Nothing contained in this condition shall operate to increase the **Mutual's** limits of liability.

## **Utah Association of Counties Insurance Mutual**

### **Endorsements**

#### **Endorsement No. 1**

##### **Named Members**

This endorsement attaches to and forms part of Policy No. UACIM-03.100

The effective date of this endorsement is January 1, 2003.

It is understood and agreed that the **Mutual** is comprised of the following participating **Members**:

Beaver County  
Box Elder County  
Cache County  
Carbon County  
Daggett County  
Davis County  
Duchesne County  
Emery County  
Garfield County  
Grand County  
Iron County  
Juab County  
Kane County  
Millard County  
Piute County  
Rich County  
San Juan County  
Sanpete County  
Sevier County  
Uintah County  
Utah County  
Wasatch County  
Washington County  
Wayne County  
Weber County

Subject otherwise to all terms, clauses and conditions of this policy.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 2

##### Named Member

This endorsement attaches to and forms part of Policy No. UACIM-03.100

The effective date of this endorsement is January 1, 2003.

It is understood and agreed that the following named county is a participating **Member** for all coverages, excluding Part V – Property Coverage Section, of this **Agreement** until June 1, 2003, at which time the following named county shall become a participating **Member**.

Morgan County

Subject otherwise to all terms, clauses and conditions of this policy.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 3

##### Utah Governmental Immunity Act Endorsement

This endorsement attaches to and forms part of Policy No. UACIM-03.100

The effective date of this endorsement is January 1, 2003.

It is hereby understood and agreed that coverage will apply to claims and actions for which immunity is not available under, or is waived by the **INSURED** or by a **Member**, the Utah Governmental Immunity Act, Utah Code Ann. §63-30-1 et. seq. (1997 & Supp.1998), as amended from time to time, and to defense and supplementary payments only as defined in this **Agreement**, for such claims and actions. Notwithstanding, any such waiver of the Utah Governmental Immunity Act, as amended from time to time, must be approved by the **Mutual** and the **Member** for coverage to attach in excess of the applicable immunity limits.

All other terms and conditions remain unchanged.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 4

##### Personal Injury Protection Endorsement

This endorsement attaches to and forms part of Section III – Auto Liability, Policy No. UACIM-03.100.

The effective date of this endorsement is January 1, 2003.

This endorsement provides personal injury protection coverage required by Utah Code Ann. §31A-22-307 (1994), applicable to the operation and use of **Member** owned **Automobiles and Hired Autos**.

##### SCHEDULE

###### Benefits

Medical

Loss of Income

Funeral Expense

Survivor Loss

###### Limits

\$3,000 per person

The lesser of \$250 per week or 85% of any loss of gross income; and a special damage allowance not exceeding \$20 per day, for services actually rendered or expenses reasonably incurred for services that, but for the injury, the injured person would have performed for his household

\$1,500 per person

\$3,000 per person

This endorsement provides only those personal Injury protection coverages required by Utah Code Ann. §31A-22-307 (Sup. 2001) and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for personal injury protection, together with all other terms, conditions and exclusions of the policy apply.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 5

##### Uninsured Motorist Coverage Endorsement

This endorsement attaches to and forms part of Section III – Auto Liability, Policy No. UACIM-03.100.

The effective date of this endorsement is January 1, 2003.

This endorsement provides uninsured motorist coverage required by Utah Code Ann. §31A-22-304 and §31A-22-305 (1994 & Supp. 1998), applicable to the operation and use of **Member** owned automobiles and **Hired Autos**.

##### SCHEDULE

###### Benefits

###### Limits

Bodily Injury

\$25,000 per person  
\$50,000 per accident

This endorsement provides only those uninsured motorist coverages required by Utah Code Ann. §31A-22-304 and §31-22-305 (1999 & Supp. 2001), and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for uninsured motorist coverage, together with all other terms, conditions and exclusions of the policy apply.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 6

##### Underinsured Motorist Coverage Endorsement

This endorsement attaches to and forms part of Section III – Auto Liability, Policy No. UACIM-03.100.

The effective date of this endorsement is January 1, 2003.

This endorsement provides the underinsured motorist coverage required by Utah Code Ann. §31A-22-305 (Supp. 1998), applicable to the operation and use of **Member** owned automobiles and **Hired Autos**.

##### SCHEDULE

###### Benefits

###### **Bodily Injury**

###### Limits

\$10,000 per person  
\$20,000 per accident

This endorsement provides only those underinsured motorist coverages required by Utah Code Ann. §31-22-305 (Supp. 2001) and related sections of chapter 22. The definitions of chapter 22 and restrictions permitted by that chapter for underinsured motorist coverage, together with all other terms, conditions and exclusions of the policy apply.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 7

##### Exclusion Of War, Military Action And Terrorism

The following is added under Part III, EXCLUSIONS, of the Property Coverage:

- A. The Standard War and Military Action Clause(s) is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows:

1. **War and Military Action**

We will not pay loss and damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. War, including undeclared or civil war; or
- b. Warlike action by a military force, including action hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War and Military Exclusion supercedes the Nuclear Hazard Exclusion.

The following Exclusion is added:

2. **Terrorism**

We will not pay for loss or damage caused directly or indirectly by terrorism, including action in hindering or defending against an actual or expected incident

of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Terrorism means activities against persons, organizations or property of any nature:

- a. That involve the following or preparation for the following:
  - (i) Use or threat of force or violence;
  - (ii) Commission or threat of a dangerous act; or
  - (iii) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. When one or both of the following applies:
  - (i) The effect is to intimidate or coerce a government, or to cause chaos among the civilization population or any segment thereof, or to disrupt any segment of the economy; or
  - (ii) It is reasonable to believe that the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

But with respect to any such activity that also comes within the terms of the War and Military Action Exclusion, that exclusion supercedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supercedes the Nuclear Hazard Exclusion.

## Utah Association of Counties Insurance Mutual

### Endorsements

#### Endorsement No. 8

##### Limited Professional Health Care Services

This endorsement attaches to and forms part of Section Two – Liability, Policy No. UACIM-03.100, Part B – Public Officials Errors & Omissions Liability.

The effective date of this endorsement is January 1, 2003.

Notwithstanding Exclusion C. of Part III – General Coverage Exclusions, it is understood and agreed that:

A. Limited Professional Health Care Services is added to Section Two – Liability, Policy No. UACIM-03.100, Part B – Public Officials Errors & Omissions Liability, but only as respects coverage for the **Named Member** and any duly qualified Psychologist, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

B. The following definition is added to Part VII – Liability Coverage Section, A.2 – Definitions:

Limited Professional Health Care Services means **Bodily Injury** or Personal Injury arising out of the rendering or failure to render medical services by any duly qualified Psychologist, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

However, Limited Professional Health Care Services does not include service provided by:

1. a hospital or emergency room facility;
2. a physician, medical doctor, osteopath, chiropractor, resident, extern, or intern;
3. a psychiatrist;
4. a pharmacist;
5. a dentist, orthodontist, or periodontist; and

6. any other licensed health care professional other than any duly qualified Psychologist, Registered Nurse Practitioner, Registered Nurse, Licensed Practical Nurse, Emergency Medical Technicians, Paramedics, Counselors, Social Workers, Nutritionists and related health and community worker classifications or other employees trained in first aid.

## **APPENDIX**

**Utah Code Sections applicable to Endorsements 3, 4 and 5.**

# UAC INSURANCE MUTUAL 2003 TRAINING

<u>TRAINING</u>	<u>DATE</u>	<u>LOCATION</u>	<u>FEE</u>
Insurance Coordinator	April 16	Price	No Charge
Personnel Workshop	May 8,9	St. George	\$50 per pers.
Facilities Management	Fall/TBA	TBA	No Charge
San Juan Road Workshop	Fall/TBA	Monticello	
Sheriffs Association	Fall/TBA		
SWAP	Fall/TBA		
Zoning and Planning	TBA	TBA	
Notaries Public	TBA	TBA	
DDC-Law Enforcement	TBA	TBA	No Charge
Defensive Driving Course Currently:	By Appointment		\$3.50 per pers.
Title VII Harassment Currently:	By Appointment		No Charge
	Feb, 7, 14	Sevier	
	Mar. 4-6	Wasatch	
	Mar. 18	Box Elder	
	Mar. 20	San Juan	
Supervisors Currently:	By Appointment		No Charge
	Mar. 18	Box Elder	
Drug and Alcohol Currently:	By Appointment		No Charge
	Mar. 20	San Juan	

# UAC INSURANCE MUTUAL 2003 INSPECTIONS

CURRENTLY SCHEDULED WALK-THROUGH INSPECIONS:

<u>DATE</u>	<u>COUNTY</u>
6 FEB	EMERY
20 FEB	DAVIS
24-25 FEB	WASHINGTON
27 FEB	UINTAH
28 FEB	CARBON
12 MAR	UTAH
13 MAR	WEBER
24 MAR	MORGAN
27-8 MAR	GRAND
20 MAY	CACHE

# UAC Insurance Mutual Payments February 14, 2003

WF-Expense	Type	Date	Num	Name	Memo	Split	Amount
	Check	02/13/2003	1818	Qwest	Account Number: 801-293-3098-606B	Telephone	-412.67
	Check	02/13/2003	1819	Kenneth Bischoff	Mileage Reimbursement	Board Expense	-32.40
	Check	02/13/2003	1820	Gary Herbert	Mileage Reimbursement	Board Expense	-25.20
	Check	02/13/2003	1821	Dan McConkie	Mileage Reimbursement	Board Expense	-21.96
	Check	02/13/2003	1822	Kay Blackwell	Mileage/Hotel Reimbursement	-SPLIT-	-124.90
	Check	02/13/2003	1823	LaVar Cox	Mileage Reimbursement	Board Expense	-100.80
	Check	02/13/2003	1824	Gene Roundy	Mileage Reimbursement	Board Expense	-188.64
	Check	02/13/2003	1825	Steven Wall	Mileage Reimbursement	Board Expense	-118.80
	Check	02/13/2003	1826	Kent Sundberg	Mileage/Tip Reimbursement	-SPLIT-	-46.00
	Check	02/13/2003	1827	Lynn Lemon	Mileage Reimbursement	Board Expense	-64.80
	Check	02/13/2003	1828	Steve Baker	Mileage Reimbursement	-SPLIT-	-57.96
	Check	02/13/2003	1829	Verton Wireless	Account Number: 1016-8125324	Telephone	-95.32
	Check	02/13/2003	1830	AJ Gallagher Risk Management Services Inc	Invoice Number: 170122	Builders Risk	-1,964.00
	Check	02/13/2003	1831	Office Depot	Invoice Number: 192785147-001	Office Supplies	-463.56
	Check	02/13/2003	1832	Tri-Tel Communications, Inc.	Invoice Numbers: 118908 & 119037	-SPLIT-	-277.75
	Check	02/13/2003	1833	Larson & Company	Invoice Number: 5415	-SPLIT-	-924.75
	Check	02/13/2003	1834	Wayne County	2003 Premium Overpayment	Pass Through	-40.00
	Check	02/13/2003	1835	Dixie Center	Personnel Workshop, May 8-9	Loss Control / Training	-165.00
	Check	02/13/2003	1836	LexisNexis Matthew Bender	Account Number: 0099007508	Dues / Subscriptions	-287.10
	Check	02/13/2003	1837	Newspaper Agency	Account Number: U2651331L-07	Board Expense	-184.80
	Check	02/13/2003	1838	CyberWire, Inc.	Invoice Number: 18728	Information Technology	-20.00
	Check	02/13/2003	1839	Thompson Publishing Group, Inc.	Account Number: 5545124	Dues / Subscriptions	-329.00
	Check	02/13/2003	1840	Utah Safety Council	Invoice Number: FD032407	Dues / Subscriptions	-200.00
	Liability Check	02/13/2003	1841	Wells Fargo	87-0495792	-SPLIT-	-2,462.28
	Check	02/13/2003	1842	Lester J Nixon	Moving Expense Reimbursement	Expenses	-3,500.00
	Check	02/13/2003	1843	Utah Local Governments Trust	Group Number: 15760	-SPLIT-	-1,744.39
	Check	02/13/2003	1844	Taylor-Walker & Associates, Inc.	Invoice Number: 14425	Actuarial Analysis	-1,344.50
	Check	02/13/2003	1845	Continental Printing	Invoice Numbers: 1917 & 1918	-SPLIT-	-598.40
	Check	02/13/2003	1846	The Defense Research Institute, Inc.	Membership Dues #227510	Dues / Subscriptions	-195.00
	Check	02/13/2003	1847	Sonya J. White	Expense Reimbursement	-SPLIT-	-239.97
	Paycheck	02/14/2003	1848	Lester J Nixon		-SPLIT-	-2,436.29
	Paycheck	02/14/2003	1849	Mark W. Brady		-SPLIT-	-1,961.08
	Paycheck	02/14/2003	1850	Sonya J. White		-SPLIT-	-1,138.88
							<u>-21,766.20</u>
Total WF-Expense							<u>-21,766.20</u>

TOTAL

